

SIEMENS'S ANSWERS:

Connecting Business Needs and Employee Engagement

BY POOKIE MARTIN

With 60,000 employees in all 50 states and Puerto Rico, Siemens

USA is an independent subsidiary of its 160-year-old

German parent company, Siemens AG.

As such, Siemens USA is a decentralized organization comprising many autonomous business units—many of which have had their own employee reward and recognition programs, and unique approaches to using them, in place for years.

But recently, Siemens recognized the need for a company-wide employee reward and recognition program that balanced its rich tradition of business autonomy with today's requirements for corporate-level visibility, oversight, and control.

THE BUSINESS CASE FOR CONSOLIDATING PROGRAMS

A decentralized operating model allowed Siemens USA to move with speed and agility in its key business sectors: industry, energy, and healthcare, as well as its corporate and cross-sector functions. However, that meant that recognition and reward programs were varied by business unit and were not connected to corporate strategic imperatives, according to Susan Brown, Director of Compensation at Siemens USA.

This shortcoming led to development of a program called “You Answered.” The program is the product of what was initially a directive to streamline the overhead inherent in managing multiple reward programs with multiple providers, but has since grown to be a critical extension of the Siemens brand.

As Brown explained, the intent of “You Answered” initially was to:

1. Motivate, unite, and engage a diverse workforce
2. Bring consistency to the units' disparate approaches to recognition
3. Give Human Resources better insight into, and oversight of, the reward process
4. Allow Finance to tightly track rewards as part of the total compensation equation.

“You Answered” was launched in early 2010 and has steadily gained traction across Siemens USA, while addressing each business requirement. The best practices presented in this article capture

some of the important lessons learned by Brown and her colleagues as they balanced Siemens USA's tradition of business unit autonomy with today's needs for transparency and governance.

BEST PRACTICE #1: GET STAKEHOLDER BUY-IN

Siemens started its journey toward "You Answered" by building consensus with counterparts in Compensation and HR, across business units. "We collected and shared common processes, current practices, common themes, and approval structures," Brown explains. These inputs were used to define an overarching approach for the new, company-wide employee reward and recognition program, and to gain buy-in.

The team then leveraged business unit HR leaders to evangelize the program to their executives. "This was not a difficult sell," she recalls, since more than half of the business units had some kind of reward program in place. "The business executives' enthusiasm was clear; we had made a decision to invest in a reward program to motivate our workforce during very challenging economic times."

The Compensation group then engaged Finance, presenting the program from their perspective. "We emphasized cost savings from process and platform standardization, as well as transparency and visibility at both corporate and line-of-business levels," Brown explains.

With these key stakeholders on board, Brown and HR leadership then worked with Siemens AG world headquarters in Germany to apprise global management of the program, and to secure approval for its branding elements. "We wanted to ensure that our internal program's brand message would be consistent with the external message Siemens presents globally."

BEST PRACTICE #2: CHOOSE TECHNOLOGY THAT WORKS BEST FOR THE SITUATION.

Technology plays a major role in any employee reward and recognition program. Siemens considered both off-the-shelf packages and customized solutions, weighing four factors: the ability to tailor the solution to meet the company's needs, implementation time and effort, reliability, and cost.

In assessing different vendors and their technology offerings, Siemens USA had specific requirements. The platform had to address the company's needs for:

- ▶ **Compliance**, the ability to automatically manage the program's policies and rules.
- ▶ **Control**, by providing deep visibility into program activity at both the summary and granular level.
- ▶ **Consistency** across Siemens USA, while presenting a personalized user experience at the business unit level for all stakeholders.
- ▶ **Convenience** for employees and HR administrators alike; the chosen system had to

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automate all aspects of the program in a seamless, simple and intuitive manner.

Siemens USA ultimately chose to partner with Madison, based in New York City, which built a custom platform using proven technology.

BEST PRACTICE #3: LIVE THE BRAND

From the outset, Brown’s team saw the opportunity to connect employees with Siemens external branding message.

The program was named “You Answered” to complement Siemens AG’s global “Answers” advertising campaign, which “shows how Siemens can answer the world’s toughest questions around environmental issues, city expansion, and building infrastructure—these are big issues that very few companies have the resources and knowledge capital to address,” she says, adding, “Our employees provide Siemens’s answers—and the ‘You Answered’ program recognizes their contribution in doing so.”

By dovetailing the internal reward program with the external campaign, “You Answered” Siemens aligned employee’s behaviors with the expectation the campaign created, helping to reinforce corporate values and linking employees’ efforts directly to the company’s success.

The final step was the design of the program’s reward currency. That step, Brown recognized, presented an ideal branding vehicle. “Instead of using a generic gift card, we realized that a branded reward card would be a powerful way to extend the program’s impact,” she says. The card, which features the “You Answered” logo and a color palate derived from Siemens’ global branding guidelines, “reminds the recipient of their role in our company’s mission—to be the Answer—whenever they take it out and use it.”

BEST PRACTICE #4: BUILD MOMENTUM OVER TIME

Many employee recognition programs start with a bang and end with a whimper. Rather than issuing executive edicts that the reward system must be used, Siemens took a grass-roots approach that has helped the program build momentum organically. This was greatly facilitated by sharing information between business units. By cross-pollinating best practices across the organization, Siemens has helped ensure a consistent approach for managing eligibility, nomination, approvals and issuance processes. Additionally, the program has been championed by numerous executives at the business unit level, rallying awareness, enthusiasm, and use.

BEST PRACTICE #5: PARTNER WITH THE RIGHT PROVIDER

Developing an effective reward system requires more than just a provider with the right technology. The provider must have a deep understanding of the way reward programs work,

and how they mesh with organizational practices and psychology.

For the “You Answered” program, Siemens USA chose Madison as its solution provider because, Brown says, “From the very first meeting, the Madison team brought a strong understanding of what drives effective employee recognition programs. Siemens’s situation is rather unique because we have so many different business units, which makes it a challenge to create common reporting and common pull-throughs from the HRIS systems. Madison was able to understand our organizational and technology structures, and reflect them in their solution.”

Mike Ryan, Senior Vice President, Marketing and Client Strategy at Madison, adds, “From the very first time we talked with Susan, it was clear that she needed a partner that offered real technical flexibility along with the ability to understand the operational nuances of their businesses.”

Furthermore, Brown continues, “It’s one thing to agree on program elements conceptually, which the Compensation and HR community did when we were mapping out ‘You Answered.’ But when it comes time to actually build the system, and still accommodate so many points of view, that’s really difficult. The Madison team helped us navigate through these kinds of practical issues, to keep the project moving forward.”

ANSWERS FOR TODAY—AND THE FUTURE

Creating and deploying a successful company-wide employee recognition program is a challenge, by any assessment, particularly for a company with highly autonomous business units. But by taking the time to properly establish the foundation of its “You Answered” program, Siemens USA helped ensure its successful launch and ongoing momentum.

In retrospect, Brown says that her biggest challenge was “transferring best practices that were easy to agree upon, on paper, into a real world system.” Across the business units, there were some differences that had to be addressed on a one-by-one basis, negotiating various points with each line of business as necessary. The result is an employee reward and recognition program that meets Siemens USA’s strategic and tactical objectives today, and has the flexibility to grow as needs change.

“At Siemens, employees value being part of ‘the answer,’” Brown says. “Our people are thinking about our business and the role they can play in making it better. Whether that takes the form of delivering a higher level of value to a customer or a coworker, that sense of being the answer is becoming ingrained in our culture. And our recognition program is an extension of that culture, strengthening the connection employees feel towards the business.” ^{MW}

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