

## Top tips - Non-cash Reward

- ❖ Non-cash<sup>1</sup> is any tangible award, or gift that is not cash. It might be small and low value like a bunch of flowers or a box of chocolates or substantial and valuable like a television or holiday.
- ❖ People may say they may want more cash, but it does not follow that cash will have the greatest impact. In research<sup>2</sup> people were offered either cash or non-cash incentives of an equivalent value. The group who received non-cash awards performed twice as well as the group who received cash. But the cost was the same.
- ❖ Use non-cash to **differentiate** something from pay such as a recognition programme.
- ❖ You can tailor a non-cash award making it **more personal** than cash, showing a greater amount of thought than a simple cash sum would reflect. Think about the difference between receiving a birthday present of a cheque or a really well chosen gift.
- ❖ Cash may be a motivator for as long as it takes before it is spent. But non-cash awards have a **memory effect**, also known as 'Trophy value'. You may show a friend the TV awarded, but not your salary.
- ❖ The **perceived value** of a non-cash award can be much higher than the actual cost, so that a non-cash award is valued more highly than cash of the same value.

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<sup>1</sup> See my new book – 'A Guide to non-cash reward', to be published by Kogan Page, January 2011

<sup>2</sup> Scott Jeffrey, University of Chicago, 2004