Why Measures Matter:

Examining the value of ROO.

In the second of a three-part series on strategic measurement for recognition strategies, we're examining return on objective (ROO) – what it is, why it matters, and what makes up an ROO.

What is ROO?

So, let's start fresh – Return on objective focuses on defining and achieving specific measurable objectives. Traditionally, ROO has been considered an alternative success metric – or another way of analyzing the effectiveness of a program/campaign/strategy. It's a way to enable teams to prove impact when it's not possible or feasible to tie them directly to sales.[1] However, as we think about strategic measurement for recognition, don't consider ROO as an alternative measure but rather, a set of measures that go hand in hand with ROI – so we're going to unpack ROO a bit here, and in the next article we'll cover ROI.

Why is examining ROO an important part of recognition?

In our last article, we talked about how to transform your recognition program into a recognition strategy through a solid measurement plan. We explained that the value of this allows you to make informed decisions for continuous improvement, gain executive support and buy in with tangible data, bench-mark against industry best practices, and understand where your investment is going and the return. And as part of that, ROO is a key factor for consideration.

Incentives Services has an entire data team to help you understand your own ROO with proprietary reporting tools and indexes.

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How to determine your recognition strategy's ROO.

There are different kinds of objectives you can put in place and track to determine your overall ROO. And while we talk about the value of measurement, take note – measuring without context or without a plan to do something with your data won't tell you the bigger picture.

It's great to know, for instance, how much you are spending on your recognition strategy, but without looking at that in the context of other factors, it's meaningless. So, the point is, make sure you can turn those individual measures into usable insight. That way you can correlate your program results into a bigger picture around employee engagement and retention rates.

Key metrics/elements to measure to determine your ROO.

Every company has its own nuances. However, there are some basic objectives to start your journey toward a more perfect recognition strategy - because remember, you are measuring what matters! Some examples include:

- Leadership engagement (best practices show that leadership endorsement and ongoing support of a recognition strategy encourages increased overall engagement)
- Colleague involvement
- Budget /Investment per employee
- Recognition Touchpoints

Defining and achieving these objectives, your ROO, will provide long-term impacts to the culture of your organization.

Making the case for people first.

For the upcoming year, retention and putting employees first will be a priority. New research released by Paycor highlighted this. According to Paaras Parker, their CHRO, "We have to continue to focus on productivity, eliminating friction, establishing processes, etc…***but we now have to ensure that putting our people first is a key priority of the company, not just HR***," she says. "Employees who feel their employers have a positive impact on their emotional, physical, mental and financial health are going to be more loyal to that company—and retention is going to be the outcome of staying focused on what is most important."[2]

Having a solid measurement plan around your recognition strategy (of which ROO is one part) means you can clearly make your case with relevant data showing that it's not just for HR, but for the greater good of the company.

[1] https://www.empowermm.com/measuring-return-on-objective-an-alternative-success-metric/
[2] https://hrexecutive.com/compensation-culture-primed-to-work-together-for-2023-retention/