

Discovery Case Study No. 7
O.C. Tanner Company | DHL

TRAINING FOR RESULTS

*How the World's Largest Express Delivery
Provider Uses Carrots to Accelerate Improved
Business Results*

By **O.C. Tanner Company and DHL**

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USING CARROTS TO ACCELERATE RESULTS

Along with greater brand recognition and growing market share, DHL, the world's largest express delivery provider, has cultivated near best of class status in many key areas of employee satisfaction. Recent surveys indicate DHL has been successful at not only engaging its 540,000 employees in achieving the goals of the organization, but also in training its managers to become more relevant to their employees and drive business results from the ground up.

The company attributes its increasing success to highly engaged employees who understand the mission and vision of DHL and the “Carrots” that helped them get there.

When DHL and Airborne Express merged in 2003, employees from both organizations needed inspiration to move in one direction. Initial employee surveys indicated a need for more active engagement and more communication from management. It was time for DHL leadership to step up and establish a lasting culture with a clear mandate for employees.

By implementing and training its managers on the Carrot philosophy—a strategic method for creating a culture of engagement and retention based on the bestselling Carrots business leadership books by Adrian Gostick and Chester Elton—DHL leadership has created a culture centered around people, recognition and results.

Now featured as an important case study in Gostick and Elton's latest book, *The Carrot Principle*, DHL opens its doors to other organizations looking to improve engagement and drive tangible results.

INTRODUCING CARROTS

What are Carrots and why do they work? Just ask the leadership team of DHL's Arizona-based IT group. As the pilot for the company's revised recognition strategy, the Carrots philosophy was introduced just in time to make a big difference.

“The group needed to increase employee retention and engagement,” says Joan Kelly, vice president, recognition program creator and, now, also referred to as Chief Carrot Officer for DHL. “If we wanted to create a strategic recognition program that delivered real bottom line results, this was an important group.”

Under the philosophy that recognition, or Carrots, can act as an accelerator to greater business results while bonding people to the organization, the newly trained IT leadership team went to work. It wasn't long before the Carrots recognition program delivered results.

Significant to the success of the program was the fact that DHL's leadership not only provided training for their IT managers on recognition concepts, but also trained every employee. Every person was given a copy of a Carrot recognition book and trained on recognition basics, then tasked with acknowledging great behavior related to their goals.

In just the first six months, turnover within the IT department decreased 27 percent as Carrots began to impact employee morale, engagement and satisfaction.

Now that the program has launched company-wide across DHL's U.S. workforce, the organization reports higher satisfaction and engagement scores across the board.

CREATING A CARROT CULTURE

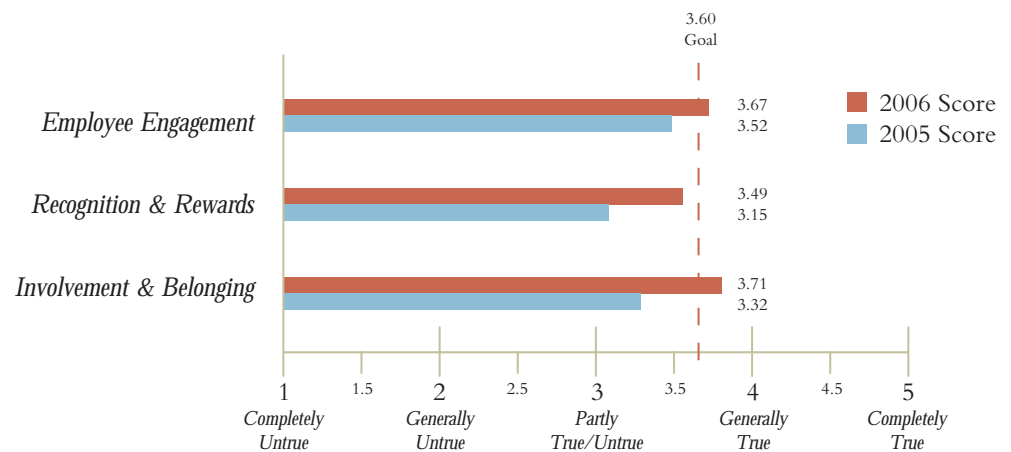
In order to create their Carrot Culture, DHL began by asking what initiatives were most important to the company. When the discussion centered on objectives such as identity, branding and delivering on a promise, DHL began evaluating the best way of making what was most important to the company equally important to every employee at DHL. They were looking to engage their workforce—heart, mind and soul.

The answer for DHL was the Carrot philosophy—a strategic method for promoting a culture of engagement and retention. DHL created a recognition program rich with symbols, energy and ample training on program objectives.

“We want the recognition culture to be infectious, for everybody to have it,” says Kelly. “It should be a great spirit that exists. We want every employee to feel that they own it and that they can be the difference between winning and losing.”

Zeroing in on DHL's seven corporate values, Kelly and her team introduced the newly integrated DHL-Airborne workforce to the organization's guiding principles as the criteria for the new recognition program. By associating recognition with behaviors that exemplify company values and goals, DHL helped employees understand the value the company places on them and their role in helping the organization achieve success.

To date, notable improvements have been made in the overall awareness and utilization of the recognition program, including a 30 percent increase in program participation in 2006. Employee satisfaction with the program, DHL and overall engagement levels have also hit all-time highs, as shown in the following graph:



“Truly there are a lot of heroes in our business,” says Scott Northcutt of DHL’s global leadership team. “Recognition is one way we go out and we find out who those heroes are and tell the stories. Great companies are often made of great stories that become legends about the business. That’s what we want. And recognition is how we’re going to do that.”

TRAINING WITH IMPACT

DHL’s leadership team credits program success to its solid founding in core business principles, the energy of the Carrots philosophy and the company’s concerted effort to train managers on the how and why of recognition.

“Training helps managers understand how recognition benefits them personally—achieving goals, driving results, creating a unified, productive team. That’s what makes recognition an accelerator. It can accelerate individual and company progress toward mutual success,” says Carrots author Adrian Gostick.

Kelly and her team use recognition as a tool to unite employees and move the company forward as one, training senior leadership and employees alike.

“Training and constant communication are the best methods for fostering buy in,” says Kelly, who freely shares all recognition targets, goals and initiatives with employees. Measurement charts, goals and progress reports are plastered on DHL walls and communicated through the company’s Intranet site. It’s clear the company is promoting the use and impact of recognition and DHL is calling on every employee to participate.

“When people see the impact recognition is having on other areas of the organization they realize recognition is not another initiative, but a way of doing business,” says Kelly. “Once managers understand how to use the program

and the direct benefits that come from it, we usually don't have a utilization problem. So my job is to get the tools out there and educate people on how to best use them."

A large part of DHL's communication strategy involves recognition training, and for that DHL turned to O.C. Tanner's Carrot Culture Group. A specialized group of best-selling authors, speakers and trainers, the Carrot Culture Group helps managers grasp the power of the Carrot, or how to effectively use recognition and praise to create a high performance culture.

"The Carrot thing is catchy," says Kelly. "It doesn't take long to understand that DHL is all about high energy. 'I'm On It' is more than a theme around here, it's a way of life. Our favorite word is 'quick.' It was important that our recognition program complement our commitment to that fast-paced, fun attitude in the workplace. The Carrot has become an icon for fun and positive things happening at DHL."

With the understanding that employees most closely associate their work experience with their immediate manager, DHL set out to make sure managers understood the Carrot philosophy and how to bring recognition results to their workgroup.

"With so many employees in so many different locations, we turned to our managers to assure the success of individual employees," explains Kelly.

And from the company's senior leadership team to ground level employees, DHL's Carrot training sessions are making a difference.

"The recognition training session was great and the timing was perfect for me," says Steve White, senior vice president of operations, who's recommitted himself to driving business results through recognition. "In the heat of battle perhaps we think we are recognizing our folks enough but I must say that I'm sure I haven't. It was a great reminder to ensure I do so not only in day-to-day business, but formally. I'm glad my team was there as it gives me the opportunity to lead by example!"

Many managers have taken principles taught in the training session back to their people and put them to work.

One such opportunity for adaptation came recently at a facility in Ohio. Instead of using a computer-based system that required formal nomination, managers felt strongly that their employees would respond more favorably to an on-the-spot program. So DHL introduced a more rapid, on-the-spot reward program aimed at encouraging quick results. By introducing a \$50 award level that needs only the approval of a person's local manager, program participation at the Ohio location improved significantly and location performance excelled.

RECOGNITION ACCELERATES BUSINESS RESULTS

Most importantly, DHL's recognition initiatives deliver results. Because DHL does not shy away from measuring the effectiveness of recognition as a business principle, senior management is continually reminded of its importance through improved survey and business results.

"We recently brought a third party in to look at our service level versus our competition. They did it around the country in different areas and in almost every area our service is now at par or better than our competition," says Kelly. "The whole idea of recognizing, of inspiring and asking our employees to move that service level up, and then recognizing them for doing it, has made a tremendous difference for DHL."

The company looks to expand their North American recognition program and the Carrot Culture abroad in 2007.

"We are planting Carrots around the world," says Kelly. "Now we have the results to take this and get it out globally."

And for the world's largest express courier that means spreading the message to all of the company's 540,000 employees.

"Recognition is separating us from the competition," says Northcutt. "We have shown that when you have engaged employees, you in turn have higher sales, higher customer satisfaction, higher productivity and lower turnover. Recognition acts as the accelerator that can bring the company together around key objectives, the right behaviors and our values. More importantly, now we're using it as an accelerator as we become the first choice for our customers in the package delivery business. Recognition has become a core part of our culture and it is something we will continue to build on."

Key Takeaways:

- DHL has adopted and thoroughly trains managers on the Carrot recognition philosophy as an integral part of their employee engagement strategy
- The company increases recognition program participation and overall business impact through specialized training, constant communication of company values and clear program criteria
- DHL monitors program impact on business results and employee engagement through regular employee surveys



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For more than 35 years, DHL has built the world's premier global delivery network by trailblazing express shipping in one country after another. Over 220 countries and territories later, DHL is the global market leader of the international express and logistics industry. DHL specializes in providing customers with innovative and customized transportation solutions from a single source. DHL's U.S. operation is headquartered in Plantation, FL. DHL has more than 540,000 employees worldwide.

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