

Giving gift cards as a benefit: 9 key do's and don'ts



Prepaid gift cards are an increasingly popular tool to motivate and reward employees. Nearly two-thirds (65%) of recognition and rewards administrators use them in some capacity, says a new report by the Incentive Research Foundation.

However, employers often weaken the impact by simply handing them out without a strategy. Get the most out of prepaid cards with these tips:

- 1. Do personalize the cards.** Providers of prepaid cards allow companies to brand the plastic with company logos, holiday wishes, congratulatory messages and the names of winners.
 - 2. Don't award too many cards too often.** It dilutes their value and motivational power. Set a limit on the number or value of cards that an employee can receive per year or six months. Track the results.
 - 3. Don't wait to give the gift cards to winners.** Awarding the cards promptly after the accomplishment ensures maximum motivation.
 - 4. Do include public recognition,** which may be just as important as the card itself. Formally present cards in front of peers at staff meetings or other employee events.
 - 5. Don't use gift cards as extra compensation or a pay bonus.** Employees won't believe they are getting anything "extra" for their effort.
 - 6. Do combine the cards with an overall incentive program** tied to departmental and company goals. Pre-paid cards are more effective when they aren't the primary rewards, but reinforce an incentive strategy.
 - 7. Don't get too narrow with card choices.** Hand out prepaid American Express, MasterCard or Visa cards instead of cards for clothing or specialty stores. Employees can spend them wherever they want.
- Note:** Don't buy gift cards from online auction sites; there's a chance they're counterfeit or stolen.
- 8. Do tell employees about any limitations or conditions on a gift card.** Some may have expiration dates or charge penalties for every month they go unused.
 - 9. Do ask for discounts.** If you buy gift cards in bulk from a retailer, ask if they'll throw in coupons or discounts for employees who redeem them.

Final point: Periodically vary the tasks and accomplishments necessary to earn gift cards. The options include performance and sales goals, on-the-spot and peer-to-peer rewards, length of service, safety and employee contests.