



Recognition Professionals
International

Recognition Professionals International White Paper

**2008 RPI Best Practice Standards
BEST In CLASS—Recognition Strategy;
Communication Plan; Program Change and Flexibility
SCOTIABANK**



Encouraging Excellence

About Recognition Professionals International®

Recognition Professionals International (RPI), formerly known as NAER, is the only non-profit professional association at the forefront of employee recognition through its sole focus on recognition innovations and education as a systematic method for workplace improvements. RPI fosters excellence in the recognition industry by ensuring that members are always at the forefront of developments and practices in workforce recognition as an influential contributor to the company's bottom line. Recognition Professionals International is an approved IACET authorized provider of continuing education and training. RPI is endorsed by top authorities in the industry, and is the only association offering Certified Recognition Professional® (CRP) designation.

The RPI group of registered marks includes: Recognition Professionals International®, Certified Recognition Professional® or CRP®

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RPI Best Practice Standards Program

Overview

RPI Best Practice Awards are designed to recognize an organization's outstanding recognition programs and further the knowledge base for RPI members through the development of case studies. Each year, Recognition Professionals International (RPI) selects organizations whose recognition programs excel in one or more of the seven RPI Best Practice Standards of recognition program excellence.

One Best Overall Recognition Program award is given to an organization to acknowledge their recognition programs that are outstanding on an overall basis. Seven RPI Best in Class awards are given to organizations to recognize programs that are outstanding in one specific Standard area.

RPI Best Practice Standards:

- Standard 1. Recognition Strategy
- Standard 2. Management Responsibility
- Standard 3. Recognition Program Measurement
- Standard 4. Communication Plan
- Standard 5. Recognition Training
- Standard 6. Recognition Events and Celebrations
- Standard 7. Program Change and Flexibility

These Standards provide guidance for the creation and maintenance of a recognition system, and for independent evaluation of any system for best practice rating and/or benchmarking. The Standards have been designed to be useful for the creation and evaluation of recognition programs in the public and private sectors, large and small organizations, and organizations with single or multiple locations or functions.

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A Recognition Professionals International White Paper

SCOTIABANK – 2008 BEST PRACTICE AWARD RECIPIENT FOR PROGRAM STRATEGY, COMMUNICATIONS, AND CHANGE AND FLEXIBILITY

A well thought-out strategy, flawless implementation, and proven results.

Recognition Professionals International (RPI) honored Scotiabank with a 2008 Best Practice Award for three noteworthy facets of its outstanding employee recognition program.

The three areas where Scotiabank's recognition program excels are:

- Recognition Strategy
- Communication Plan
- Program Change and Flexibility

The company won an RPI Best Practice-Best in Class Award in 2007 for Recognition Program Measurement; and Program Change and Flexibility.

A 2005 linkage study validated the importance of the bank's recognition program. The study concluded that there is a correlation among the groups with high participation in the recognition program, high employee satisfaction scores, and high customer loyalty scores.

The Bank of Nova Scotia, known as Scotiabank and based in Toronto, celebrated its 175th anniversary in 2007. Scotiabank and its affiliates offer a broad range of products and services including retail, commercial, corporate, and investment banking.

A team of 60,000 employees, with 35,000 in Canada, serves 12.5 million customers in 50 countries. The company operates nearly 1,000 branches and 2,700 banking machines.

Scotiabank was recognized as a top employer in Canada and Mexico. It ranked 12th on *Training* magazine's annual list of top learning organizations and received the 2007 Catalyst Award for its *Advancement of Women* initiative. The most recent internal employee survey showed an 87 percent satisfaction rate.

Twenty years ago, Scotiabank launched a company-wide effort to focus on personal customer service. It was a maverick move considering the fact that most other banks were betting their futures on self-service and new technologies. Company officials knew that a state-of-the-art employee recognition and incentive program would be a key element of their customer-centric focus. The result of keen instincts and impeccable planning is a world-class recognition program that contributes to a steadily increasing profit margin.

Recognition Program Overview

"The key characteristic that has helped Scotia Applause achieve program success is a combination of strong alignment to organizational vision, senior management engagement, and effective deployment," said Yvette Bryan, the bank's Director of Employee Recognition & Motivation. "To remain a leader in the crowded Canadian financial services industry, Scotiabank relies heavily on its ability to deliver exceptional customer service and recognizes that employees are the primary enablers of the customer experience."



Scotia Applause is the bank's award-winning recognition program. Four key characteristics have bolstered outstanding levels of employee participation and engagement:

1. The program's alignment to the company's vision: By directly aligning with Scotiabank's customer-centric business activities and behaviors, the Applause program delivers an exceptional customer experience.
2. Senior management engagement: They understand the value of employee recognition so clearly that they themselves are persuasive champions for the program.
3. Effective company-wide application of recognition practice: Since the launch of Scotia Applause in 2001, among the 35,000 employees participating, there have been nearly three million peer recognitions.
4. The program's high degree of relevance: For the past seven years, employee engagement has continued to rise.

Rick Waugh, Scotiabank's president and CEO said, "Being recognized as a global employer of choice, enables Scotiabank to attract and retain high-performing employees. We know that satisfied and engaged employees increase customer satisfaction, which in turn generates positive long-term results for stakeholders, as well as added value for the communities we serve."

Senior management plays a key role in setting and adjusting the organization's recognition strategy and policies and is personally involved in the program. The Executive Vice-President of Domestic Personal Banking and Distribution approves all substantive employee feedback and recommended changes to program design. Other senior management stakeholders are then engaged to collaborate and agree on the recognition strategy.

Other executive divisional heads are also engaged during significant ongoing improvements to the core program structure to ensure that fairness and equitability is addressed across all bank divisions.

Scotiabank recognizes the importance of Measurement & Analytics. The range of metrics captured for the Scotia Applause recognition program include:

- Participation and registration percentages
- Certificate issuance (sending and receiving)
- Lapsed users
- Re-engaged lapsed users
- Relationship strength (percent of employees engaged in all program elements)
- Web metrics: page views, total visits, unique visitors per month, average duration of visit
- Rewards reports (e.g. redemption composition, redeemer analysis)
- Rewards service levels (e.g. order fill rates, call center wait times, customer satisfaction rates with redemption process, issue resolution)
- Segmentation of call center communications (calls vs. e-mails)

Each quarter, the core Scotia Applause team and the recognition provider's account team hold a performance review meeting to assess these program metrics. The quarterly review meetings serve as an opportunity to identify performance successes and issues against predetermined benchmarks and develop strategies to evolve the program.

The hallmark of the Scotia Applause program is the Annual Best of the Best trip, where 175 Best of the Best nominees and their spouses are randomly selected to win a trip for two to a five-star resort in the Mayan Riviera.



Recognition Strategy

Scotia Applause is the recognition program that supports the bank's business objectives; aligns with all internal processes, activities, and behaviors; and reinforces corporate core values. The company invests nearly \$10 million annually in the program. To date, the program is only available to Canada employees, but will soon be offered internationally

Scotiabank's Recognition Strategy Statement reads as follows:

At Scotiabank, we recognize that there is nothing quite so important as our nearly 60,000 people. They're responsible for all of our accomplishments to date. And it's our people that will help us achieve our full potential – to be the best international financial services company based in Canada. That's why we're so committed to making Scotiabank a great place to work.

For the past seven years, our recognition platform, Scotia Applause, has nurtured and entrenched a culture of authentic recognition throughout our organization. Scotia Applause has simply become "the way we recognize" at Scotiabank, and our commitment to equitability ensures that all achievements are recognized, both big and small.

As the Scotiabank Group continues to strategically evolve, so too do our recognition practices. Scotia Applause is not simply a sales incentive program, but rather an ALL-employee engagement strategy which in turn drives customer engagement.

Recognition at Scotiabank is designed, implemented, evaluated, and retooled based on the following strategic elements:

1. Delivering consistent high quality recognition across the bank.
2. Directly supporting *One Team One Goal*, the corporate mantra.
3. Encouraging employees to perform activities, which focus on the actual sales, service, and support interaction with customers.
4. Encouraging employees to demonstrate behaviors in line with the bank's core values – integrity, respect, commitment, insight, and spirit.
5. Increasing employee satisfaction and, in turn, customer satisfaction to enhance customer profitability.
6. Delivering a best-in-class measurement program.
7. Recognizing the outstanding contributions of top-performing teams and individuals across the organization.
8. Ensuring that equity and fairness form the cornerstone of the program.
9. Leveraging the brand equity of the Applause program to support other business-building activities.

Applause recognizes both individuals and teams and is completely online, automated, and accessible 24 hours a day from internal Web sites and employees' homes. All employees can participate in the same program.



Scotia Applause is a four-tiered program that addresses daily, monthly, quarterly, and annual recognition. This serves both initial employee involvement and long-term engagement. The recognition levels, categories, and descriptions are depicted in the following table.

Level	Recognition Category	Overview
Level 1	Daily Peer Recognition	All employees can be recognized in a 360-degree format (managers, peers and subordinates) for outstanding contributions. Recognition is grouped by the brand-driven core values of Insight, Spirit, Commitment, Integrity and Respect. No rewards are provided, only peer recognition via daily issuance of certificates
	Monthly Sweepstakes	In staff huddles/meetings, local contributions and good news stories are shared with natural work groups (such as a Branch team). The objective is to demonstrate real-world examples of the behaviors. Stories are selected and celebrated at random, and small rewards (points or selected merchandise) are provided to Monthly Sweepstakes winners.
Level 2	Senior Management Awards	Regional managers are encouraged to catch staff “in the act”, and are provided with a pool of Applause points for rewards.
	Manager’s Picks	Local / work group leaders are encouraged to catch associates “in the act”, and are provided with a pool of Applause points for rewards. More emphasis is now placed on activities and behaviors; hard measures are used as qualifiers.
Level 3	Quarterly/Semi-Annual Team Awards	A combination of hard and soft measures are used to recognize teams who have accomplished significant business results. Rewards are provided to all team members.
Level 4	Annual Best of the Best – Team	Using a combination of hard and soft measures, top teams are identified and can earn a special celebration for their whole business unit.
	Annual Best of the Best – Individual	Using a combination of hard and soft measures, top performers are identified and can earn a place on an annual incentive trip.

ScotiaCares Awards – Recognizing Outstanding Community Involvement

Endorsed by Scotiabank CEO Rick Waugh, ScotiaCares has become a powerful tool for employee recognition.

In late 2007, three employees were chosen as the “Best of the Best” Community Champions and featured in year-end celebrations across Canada. They received a custom trophy, and were featured in print advertising and spotlighted on a dedicated page on the ScotiaCares Web site. But more importantly, these employees received public recognition by their colleagues and management teams for their outstanding community efforts.



To align recognition practices with the bank's philanthropic efforts, Scotiabank created ScotiaCares.com, a portal accessible through the Scotia Applause recognition program where employees are celebrated and rewarded for sharing their stories of individual and team-based community engagement. The Web site is designed with a scrapbook theme to create a face for the initiative. In mid-2007, Applause points were introduced as a rewards strategy to encourage submissions; the number of employee submissions increased 1000 percent.

Each month, a number of employee stories are chosen as the most compelling and featured in leading magazines and newspapers – this is a key component of Scotiabank's national print advertising campaign.

Manager and Senior Management Budgets

At the start of each fiscal year, managers and senior management across Scotiabank are awarded points budgets based on a predetermined formula. This budget serves as a discretionary pool of Applause points that managers and senior management use to facilitate informal recognition to their staff. Management is encouraged to recognize behavior that is aligned to specific business-focused activities and behaviors, but the tool is flexible enough to accommodate recognition of any day-to-day positive behavior.

Managers can use budgets to recognize individuals and groups of employees. Senior management budgets can be used to recognize individual behaviors or increase manager point budgets.

Award Web site

The Scotia Applause Web site serves as the central repository for all recognition procedures. The *Program Details* section of the site reinforces the processes for recognizing colleagues and provides instructions for managers on how best to recognize employees through the Applause program.

If employees have questions during the peer recognition process, there is a hyperlink called *Tips on How to Send a Peer Recognition*. By clicking on this link, the employee goes to a set of instructions for completing this process.

These procedures also include the contact information for the Applause Headquarter Call Centre for help completing the peer recognition process.

Award Selection

To access the Applause Rewards program, Employees simply click the *Go Shopping* link on the Scotia Applause home page and they are directed to a custom Web site containing over 400 items of merchandise and gift certificates. Access instructions and helpful hints are available in the Web site's *Help* and *FAQs* sections.

An ordering guide is also available on the Web site to help employees complete the order fulfillment process. A permanent link to the Applause Reward Headquarters Call Centre also appears.

Employees can easily navigate the Applause Rewards site since merchandise is grouped into easily identified lifestyle sections. In these sections, employees can browse and redeem points for an array of items to suit every taste and pastime, including sports equipment, home electronics, personal accessories, family entertainment, and travel packages.



When employees browse any one of the lifestyle sections, they will see merchandise photos. Rolling a mouse across an illustration will bring up the descriptive copy and corresponding product code with points required for redemption. By clicking on a merchandise photo, they can view a larger image of that item. They can also use the search option to find items by product code, key word, or points required.

Participants in non-points programs can redeem from the “Micro Catalogue” of smaller value items. Both catalogues are refreshed as next generation items become available.

Award Redemption

Rewards are easy for employees to redeem. Each time employees visit the catalog they see their current points balance. They order items by placing them in a shopping cart and the total points in the cart will increase to show the combined cart total. When they have made all of their selections and the total is within their current points balance, they submit their order to Applause Reward Headquarters. Immediately following the transaction, employees receive a system-generated e-mail confirming the mailing information, item ordered, and order confirmation number for future reference.

Employee-Friendly Program Features

The Scotia Applause Rewards program has a number of unique features that interject motivation, excitement, relevance and choice for Scotiabank employees.

Cash Add

If employees want to redeem for an item that requires more points than is currently available in their points balance, they can use the Cash Add Option. To ensure that the Rewards merchandise remains an incentive, there is a Cash Add limit of 10 percent of the item’s value. Applause Rewards Headquarters manages each transaction for employees to ensure accurate calculation of tax and shipping costs.

Special Shopper

If employees don’t find exactly what they want in the catalogue, they can call the Applause Rewards team who will look for alternate product models from any of the manufacturers represented in the catalog. The service is available to all employees in points programs at no additional cost.

My Wish List

To promote desire, a customized wish list is available for employees in points programs. Wish lists help employees expedite their search processes and enhance subsequent visits to the Rewards site. Since Applause adopted this feature, over 4,000 employees (nearly 20 percent of all employees in points programs) have saved more than 14,000 items in their wish lists.

Scotia Outlet Store - Limited Time Offers

Designed in the spirit of the Shopping Channel, employees have access to limited availability discounted merchandise that is not in the regular catalog. A real-time counter, displaying the amount of remaining inventory, creates a sense of excitement and immediacy.

Eco-Friendly Rewards

To align with Scotiabank’s commitment to environmental stewardship and create stronger relevance for environmentally conscious employees, the Applause Rewards catalogue contains a collection of eco-friendly merchandise. Available at lower price points are items such as solar-powered lights, hand-crank lanterns, and energy-saving light bulbs.



ScotiaGold VISA Conversion Module

Employees can convert Scotia Applause points for ScotiaGold VISA credit card loyalty points. Employees simply enter their desired point totals into a calculator and the corresponding conversion amount is automatically calculated and processed. Over \$440,000 in points was converted by Scotiabankers in FY2007 through over 1,800 transactions.

Gift Certificates

In addition to the broad array of merchandise in the catalog, employees can redeem for points for gift certificates from leading retailers such as Home Depot and American Eagle Outfitters. Gift certificates now represent 20 percent of all redemptions.

Communication Plan

Scotia Applause leverages all available communication channels in order to ensure integrated delivery of recognition messages to program participants. Goals of the communication plan are to:

- maintain the momentum and enthusiasm derived from the successful launch of existing programs;
- ensure the continued establishment of and movement toward a customer-centric culture by reinforcing the corporate Core Values with Applause success profiles online;
- celebrate the achievements of the Best of the Best Top Individuals, Top Team, and Trip winners;
- supply relevant information and program updates, as required, to all audience members;
- target key audience members with specific ongoing materials to ensure program results/goals are achieved; and
- deliver quantifiable Scotia Applause results to top executives.

Online Newsroom

The newsroom on the Applause homepage communicates timely updates on recognition activities to employees. The content is customized to each business line and access level. For example, for branch frontline employees, the content is focused on recognition announcements and events that are relevant to their job descriptions and business lines. Managers in the Commercial Banking Group receive announcements that are relevant to team leaders and business lines.

Daily Staff Huddles

Daily branch employee huddles are held before the start of business. The branch manager reads a selection of recognition certificates to acknowledge contributions and establish a positive mood for the day.

Online Training Games

A significant amount of effort is applied to developing online training games. With the introduction of each new game (about four times a year to support the bank's external marketing categories) employees learn more about organizational objectives and earn millions of Applause points in the process.

In the fall of 2007, just before the release of *Treasure Island* - employees received a booklet with an overview of the game. On launch day, staff members received a three-dimensional treasure chest to formally kick off the campaign.



On *Treasure Island*, which was built entirely with Flash®, employees find themselves stranded on a deserted island, but their commitment to customer service must continue. To achieve the learning objectives, players are required to answer messages in bottles from their customers.

This game had a new team component: the name of each branch that received 85 percent or more participation was entered into a drawing to win one of six team parties.

The *Treasure Island* communication strategy resulted in record training participation. Over 86 percent of staff members completed the game, which established a new benchmark for both participation and perfect scores.

Public Relations/External Media

Last year, the Scotiabank Applause program received coverage in a range of external publications, such as *The National Post*, *Meeting & Incentives Magazine*, and *Canadian Business*. The publications mentioned the program's high quality and its ability to drive exceptional levels of employee engagement

Other Ongoing Communications

Ongoing communications activities include many online and offline tools such as:

- Links to the Scotia Applause site from all internal online Web sites
- Regular articles in all monthly/quarterly newsletters
- Posters and signage
- Customized e-mail announcements
- Printed manager and employee guides
- Targeted Program Champion communications
- Creative telephone messages for participants who dial into the Applause Headquarters Call Centre

Program Change and Flexibility

As business and staff changes arise, the Applause program continues to be extremely flexible. All nine participating Scotiabank divisions have Applause program structures that meet the diverse needs of individuals and teams; and management objectives relevant to each group. Because of the rousing success of Scotia Applause, the company is planning to offer the plan to international employees as well. In 2008, Jamaica, Trinidad, Tobago, the Bahamas, Guyana, and the Dominican Republic will be added – other countries will follow in 2009.

Employee Feedback

The Team Voice utility provides key feedback. Employees can suggest areas for improvement by leaving voice messages for Applause team members. In 2007, Scotiabank employees submitted 5,743 messages.

Scotiabank also encourages employees to share their ideas on ways to support business success through the Ideas in Action program. First launched in 1967, this program rewards employees with tiered monetary awards for submitting suggestions which, when implemented, result in cost savings or other benefits to the Bank. In the last fiscal year, employees submitted 2,951 ideas. The ideas that were implemented generated \$101,473 in savings to the bank.



Surveys

Other key utilities for evaluating recognition program elements include: Best of the Best surveys, employee panel surveys, Applause Headquarters Call Centre Feedback and management meeting feedback.

Best of the Best Survey:

Following the close of Best of the Best celebrations each year, Scotiabank evaluates the success of each individual component of this important program by conducting a formal employee survey. Employee satisfaction remains strong each year, and incremental enhancements are made wherever appropriate.

Employee Panel Surveys

Scotiabank maintains a standing employee panel, made up of a cross-section of employees that have volunteered to provide feedback on a variety of topics. The Applause team regularly engages the internal Customer Insights and Measurement team to conduct structured surveys with the employee panel to gain further insight into the recognition program's effectiveness.

Call Centre Feedback:

Since The Applause Call Centre is the primary means for employee contact, a significant amount of feedback is generated through this department (over 20,000 contacts from employees in FY2007). On a daily basis, all substantive employee concerns and feedback are communicated to the Applause team for appropriate channeling and action.

Management Meeting Feedback:

District management holds regular *group touch base* meetings with branch managers to discuss a number of topics, including business performance and management issues. Branch manager feedback on recognition program effectiveness is discussed and communicated to the Applause team for appropriate channeling and action.

Program Changes

In 2007, as the result of extensive employee research, the Best of the Best tier was revamped. The Applause team restructured the program to recognize 300 percent more teams and created a customized online portal to streamline the user experience.

After a thorough process of discovery and design, an improved three-step nomination process was created and implemented on the Scotia Applause Web site. Underlying the process change is a retooled database search function that allows employees to find and recognize their colleagues easily. The two years following the launch of the new peer recognition process have generated record volumes of peer recognition, suggesting that the new 3-step process is both effective and user friendly.

Implementation of a Green Applause Strategy

With over half a million peer recognition certificates, a range of ongoing employee communications material, and a great deal of envelopes for packaging, the implementation of a green strategy for the recognition program has substantially reduced Scotiabank's environmental footprint.

The paper classifications *business forms* and *bond copy paper* are the two biggest contributors to paper consumption at Scotiabank, so the Scotia Applause team sought out an opportunity to reduce the organization's environmental footprint last year by moving all of the program communications to recycled paper stock and applying a more streamlined approach to communications delivery.



Measurement Changes

Evolution of the Applause program's measurement activities is an ongoing focus. On a regular basis, the usability and format of reporting is reviewed with key stakeholders and changes implemented accordingly. Two key initiatives were recently introduced to improve the way program results are measured

A New Query Utility

To provide faster turnaround times on various program engagement information requests, Scotiabank and Carlson Marketing developed an online query utility that allows the Applause team to perform a wide range of data pulls and ad hoc participant data reports on the spot. This utility has resulted in an annual cost savings of \$40,000 for the bank.

Seamless and Secure Dissemination / Archiving of Program Reports

To create a streamlined distribution process and central repository for all program measurement activities, the Microsoft Sharepoint platform is now used to create a single-source destination for all program reports and dashboards. System generated e-mails are sent to participating stakeholders when documents are posted, eliminating delays in document dissemination and enhancing the security of personal data.

Conclusion

Perhaps there is no better testament to the value of the Scotia Applause program than this: in 2007, for the fourth consecutive year, Scotiabank was named one of Canada's 50 Best Employers by a major business publication and was the only major bank to make the 2007 ranking. The results were based on feedback from an employee opinion survey. In all, 2,500 Scotiabank employees from across all business lines, regions and job levels were invited to complete the survey.

"If the recognition program is effectively executed, it becomes an important factor in recruitment, motivation, and retention strategies," Bryan said. "When employees see that their contributions are important, valued, and recognized, they are more likely to embrace the organization's core purpose and corporate goals. A culture of recognition leads to long-term benefits and gives a company a competitive edge in the marketplace. Moreover, research continues to show that, directionally, there is a correlation between employee satisfaction, customer satisfaction, and financial results."

Because of its excellent recognition program and dedicated, highly professional team of program officials and team members, Recognition Professionals International is pleased to name Scotiabank a 2007 Best Practice Award recipient.



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RPI 2008 White Paper –SCOTIABANK

Best In Class Recipient —Recognition Strategy, Communication Plan, Change and Flexibility

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