

# THE CARROT PRINCIPLE

**How the Best Managers Use Recognition  
to Engage Their People, Retain Talent,  
and Accelerate Performance**

**ADRIAN GOSTICK and CHESTER ELTON**

**ADRIAN GOSTICK** is managing director of The Carrot Culture Group, a consulting company which works with companies to develop effective employee recognition programs. Mr. Gostick, a graduate of Seton Hall University, has appeared as an employee motivation expert on a number of network television programs. He also serves as a guest lecturer at Seton Hall University. Mr. Gostick is the author of several books including *The Invisible Employee*, *A Carrot a Day* and *The 24-Carrot Manager*.

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The Web site for this book is at [www.carrots.com](http://www.carrots.com).

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**MAIN IDEA**

In a study of workplace productivity which involved looking at 200,000 managers and employees over a 10-year period, it was found:

- Organizations which had a culture of recognizing personal achievement generated an average return on equity of 8.7-percent while comparable firms in every other way typically generated an average return on equity of 2.4-percent.
- The teams and offices where people felt their contributions were recognized typically placed in the top scores for customer satisfaction as well as for employee satisfaction and staff retention.
- More than 94-percent of the people who report having high morale at work are employed in workplaces where managers are effective at recognition.

In all, this study has shown there are tangible and quantifiable financial benefits to be derived from giving people recognition for their achievements separate and distinct from what they are paid. Developing a culture of recognition seems to act like an accelerant, taking a team from where it is now to where it can be in the future in terms of performance.

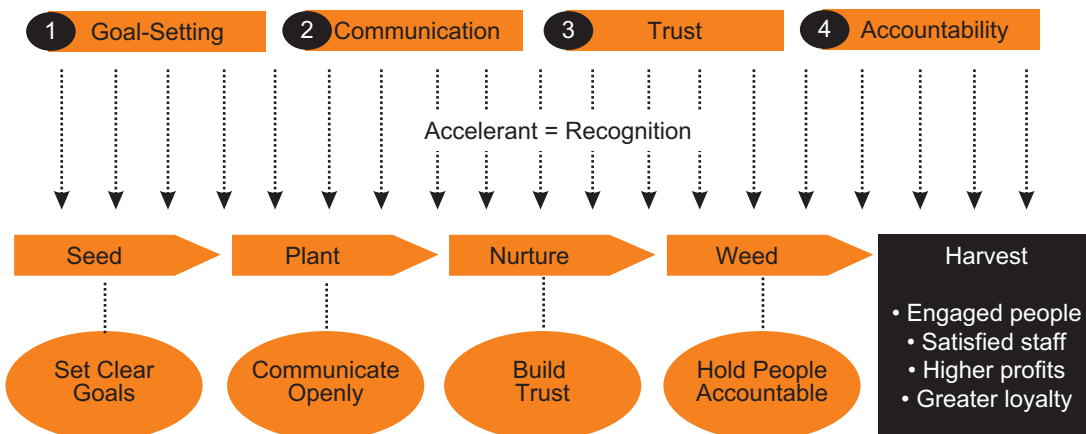
To build your own high performance team, company or even personal career, learn how to thank the people you work with more effectively. There is a definite statistical correlation between how effectively you do this and how much you will achieve.

**1. Recognition as an Accelerant of Business Performance . . . . . Pages 2 - 5**

Before recognition can effectively act as an accelerant of business performance, a foundation needs to be in place. In practical terms, this means managers need to be seen as being strong in the “Big Four” areas of leadership: 1•• Goal setting 2•• Communication 3•• Trust 4•• Accountability

The good news is that even when a manager is just merely competent with these Big Four, the addition of effective recognition will see management effectiveness soar. Great management is born whenever recognition is added to the other characteristics of leadership.

**The “Big Four” of Leadership**



**2. The Basic Building Blocks of a “Carrot Culture” . . . . . Pages 6 - 8**

A Carrot Culture is a rare workplace environment where employees are valued and openly appreciated for their contribution. There are four types of recognition which in effect make up the backbone of a healthy and vibrant Carrot Culture:



When these different types of recognition are molded into the culture of the organization, what you end up with is a culture which engenders passion and superior performance from everyone involved. When you achieve that, anything is possible.

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