

Put the carrots away; use what really motivates

Most business leaders' thinking and behavior in trying to motivate people is just ridiculous. Even given the overwhelming weight of scientific proof, there exists a chasm between what research has shown decade after decade and what business leaders actually do.

Going back to the 1940s, numerous studies have shown that what motivates people most at work includes:

- Understanding how they make a difference and
- Feeling recognized and appreciated for doing a good job.

If you throw "relationship with my boss" onto the list, you'll also have the top three reasons why someone is loyal to an employer.

The problem is that too many leaders have a carrot-and-stick mentality and don't really understand what will drive employee performance and results. They operate from assumptions about human performance that are outdated, not challenged enough and simply untrue.

A simple Google search will provide evidence going back seven decades that rewards and incentive schemes rarely work and actually do more harm than good. Yet most business leaders still rely on bonuses, plaques, motivational posters and other shiny objects to drive employee performance. A major reason why is that reward companies have literally tricked them into thinking it's the right approach. These reward companies market their programs as employee performance drivers and—get this—culture-changing programs!

I've seen many examples of good companies that have succumbed to the misconception of rewards as motivators for performance. For example, my company was invited to meet with executives of a publicly held firm frustrated by the lack of return on \$1.2 million in annual spending on rewards. What we found was a significant divide between human resources executives, who were defending their budget, and business line leaders, who were finding that the rewards did not drive any sustainable behavior change and had only limited business results. To make matters worse,



ON PERFORMANCE
Gregg Lederman

within six months they had already eaten up close to 75 percent of their budget for the year. Does this sound familiar?

Many of you reading this have probably fallen into the same trap. So what should you do to avoid this pitfall or remedy your current situation? Let me share with you an illustration of two very different methods for motivating employees. One is proven to fail time and again. The second requires new thinking about how to engage employees and measure results.

The carrot-and-stick method includes the typical "thank you, make you feel good" program to reward employees who demonstrate desirable activities (also known as an incentive program). The estimated rewards budget for this type of program is only \$50,000. The budget is based on an approximation that only 20 percent of employees actually participate. The program does not include ongoing training, reinforcement or accountability for managers and employees to encourage participation. It is quite obvious that if there were too much participation, the rewards budget would grow exponentially and the return on investment would shrink just as fast.

What about the other 80 percent of employees who won't participate, who won't get a reward? Where's their incentive? What percentage of managers do you think would use this program to drive the performance of their people? Would this type of effort really make any positive impact on culture, the customer experience and business results? The answer is a resounding no!

Let's look at a fundamentally different approach, based on research in the science of motivation, which shows a clear link to business results and doesn't require any investment in rewards.

Here are three strategic and simple ways to manage behavior. Doing these three things will help your company increase employee engagement, strengthen the work culture and improve the experience of customers—all while helping employees understand their impact at work, feel appreciated and recognized for a job well done, and see a clear link to financial results.

Capture examples of employee behavior and share them. Recognizing others is the strongest form of cultural currency. A formalized approach enables leaders to track which employees captured examples of co-workers demonstrating best practices and behaving in ways that drive results, as well as to track those people being caught. Leaders also are able to hold managers accountable for making sure that plenty of best practices are shared each week to reinforce employee behavior.

Three ways to capture these behaviors and best practices are self-reporting, with employees sharing personal examples of a best practice; peer-to-peer capture, in which managers and employees share examples of what they've seen colleagues do; and customer capture, in which customers provide examples of the experience they've had with employees.

Assess consistency of behavior. Use your company's values to list behaviors to unite all employees in delivering the desired company experience. Then expand this basic list by developing more specific behaviors for every job category. Doing so helps employees better understand and commit to delivering the desired experience for customers and each other.

On a quarterly basis, have all employees rate how consistently they deliver the behaviors. To have an optimal picture of the culture in action, you could also have employees confidentially rate how consistently others in their department demonstrate the behaviors that drive success. With data on behavior consistency, you can begin to draw meaningful comparisons between employee levels, departments and other variables. In addition, correlations with key financial data will provide evidence for what's really driving success.

Link customer feedback to company results. Ask customers the single most important question for understanding loyalty: On a scale of 1 to 10 (with 1 being low and 10 high), how likely is it that you would recommend the company to others? Use the data collected, in conjunction with anecdotal feedback, employee behavior consistency data and examples of captured behaviors and best practices, to enhance your view of where your com-

pany has strong engagement and motivation and where there are opportunities for improvement.

As business leaders, you have the choice. You can settle for the misinformed status quo, or you can listen to what seven decades of research tells us over and over again. You can build and manage a culture that helps employees understand their purpose at work and how they impact success, all while recognizing them and demonstrat-

ing appreciation for doing a good job.

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