What if Fortune has it Wrong?
The Best Place for Whom?

By Joe McCafferty and Amy Fenollosa

Fortune magazine has long been recognized for its lists; the 100, 500, 1000, but spots on the Best Places to Work list are some of the most coveted. Jim Goodnight, CEO of the 2010 Fortune # 1 best company to work for, SAS, said in a discussion of what makes the company best:

> "Because the employees are very well motivated and happy and have a creative environment, they tend to produce good software…now that means that our customers are extremely satisfied and happy with our software…if you have happy customers, that makes the company happy because they continue to buy our software. So to me it's sort of a triangular situation; where you have happy employees, you guarantee that the customers are happy, and the customers guarantee that the company is happy…[i]"

Goodnight addresses the connection between employee motivation, productivity and share price. When employees are performing at their best, the organization reaps the rewards, but Goodnight also makes a distinction between employees that are "well motivated" and "happy."

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Leading organizations often seek to positively influence employee attitudes with policies and perks that help improve morale. In the spend-happy 90's, we were looking for fun in the workplace. Foosball tables, happy hour, Razor scooters in the office—the thinking went that having fun led to productivity. Now, in the belt-tightening times of this century, companies are looking for ways to increase efficiency during the workday while trying to respect their employees' need for personal time. So those pesky time-consumers like doctor appointments, day care drop-offs, and the gym, are nestled right on campus, to minimize time away from the desk. Although these types of cool perks often receive a lot of attention, it's questionable whether they really equate to more driven, motivated employees.

As early as the 1930's, psychologists began to see that work conditions and performance were only tangentially related.[ii] Since that time, it has become clear that the types of corporate perks, rewards, and incentives emphasized in Fortune's criteria are only one part of the equation. While they probably contribute to "happy employees", it's questionable whether they are the driving force behind "motivated employees." Corporate policies can certainly help create a positive environment, but the ultimate responsibility for motivating employees falls on front line managers. Organizations must rely on their managers to connect with their employees, develop a keen understanding of what motivates them, and translate that into performance. To address the real drivers of employee motivation, leaders must develop three key skills:

- Seeing the world from the employee's perspective
- Providing constant context
- Connecting individual contributions with organizational objectives

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Seeing the world from the employee's perspective

Corporate policies and programs that define things like salary, benefits, and rewards and recognition can definitely create an attractive work environment. However, it's not absolutely clear that these external factors play a significant role in creating a motivated workforce. According to Frederick Herzberg, a psychologist who researched employee motivation in the 1950s and 1960s, "Managed badly, environmental factors make people miserable, and they can certainly be demotivating. But even if managed brilliantly, they don't motivate anybody to work much harder or smarter.

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People are motivated, instead, by interesting work, challenge, and increasing responsibility. These intrinsic factors answer people's deep-seated need for growth and achievement."[iii] A half century ago, psychologists were beginning to understand that the key to motivation was in the work itself. Today, leaders need to use that insight to see the world from their employee's perspective.

As early as the 1950's psychologists like Abraham Maslow and Douglas McGregor began to explore the idea that higher levels of motivation might be related more to intrinsic drivers like the need to be part of a group, the need for recognition or the need to achieve.[iv, v] Over the years, many researchers have concluded that these intrinsic drivers are more important to motivation than extrinsic rewards or incentives.

Extrinsic motivators create a "carrot" mentality: employees will do what it takes to get the reward, but they won't necessarily go beyond what's required. Leaders in this environment must focus on creating the right rewards, and if the carrots aren't exactly correct, performance may not be up to par. On the other hand, maximizing employee's internal motivators provides an opportunity to create an environment where the employees will be driven to achieve their goals and the goals of the organization.   Because it's not always clear what the intrinsic drivers are, it is a challenge for leaders to develop this type of self-motivated workforce.

Leaders sometimes fall into the trap of assuming that all employees are motivated in the same way. Individuals all have unique motivational levers that will inspire them to excel at their work and surpass their goals[vi]. If a leader presumes that a whole team will latch on to the same motivators, he may be surprised to discover that the team members aren't all equally excited to work toward a goal.   To unravel employee motivation, you have to determine what makes people tick.   Why do they come to work each day? What will they do in their time off? How do they push themselves to perform? The leader's role is to identify which motivators work for individual employees and then use them to challenge each of their employees to perform at their best.   We haven't developed a mind-reading app just yet, so the best way to discover what will inspire individual employees is probably to ask. Gradually building a rapport with your staff and getting to know them personally is a strong first step. But it takes more than small talk over coffee; it takes a management style that will draw out opinions and seek to truly engage employees in setting direction. Learning about their personal

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experiences and perspective will provide a window into their attitudes and responses to the surrounding world. Work with your employees to identify the intrinsic motivators that resonate with them. Discuss what is working and what isn't and readjust your strategies accordingly.

Provide Context Constantly

Does Newton's law of physics "Each action has an equal and opposite reaction", apply to the team environment? It often seems that way. A situation that may seem benign to one person feels toxic to another. As a leader you may be surprised at people's responses to different situations.

Carl Rogers argued that human beings, like all organisms, constantly react to and respond to the world around them in unique ways[vii]. Experience influences people's perception of life and the world around them, which in turn influences how they are motivated. A recent study of over 200 professionals in multiple industries further investigated this concept and determined that "When something happens at work—some workday event—it immediately triggers cognitive, emotional, and motivational processes. People's minds start 'sensemaking': They try to figure out why the event happened and what its implications are."[viii]

People with positive emotions tend to be more creative and productive, more committed and better connected with colleagues, while negative emotions lead to lower levels of motivation, productivity, and job performance. A leader has the ability to influence the way employees perceive situations by providing context for everything from major organizational change to daily water cooler gossip. Consider the following example:

An internet company we have worked with had to take action to re-invigorate employee morale during the end of the internet bubble in 2002. The employees had seen a number of other ecommerce companies go out of business as the bubble burst, and the workforce had a heightened sense of concern for the well being of the company and their own careers. Fortunately, the leadership had managed cash closely and as a result the company's balance sheet was very strong. However, the employees started taking note of a number of cost control measures that were in place and their "sense-making" efforts led them to believe that the company was in dire straits. The CEO and his management team started noticing that motivation and job performance was waning across the board: Employees had lost their passion for the company's products and services and the environment shifted from

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energetic to lifeless. The employee base that used to work long hours on their own initiative had started packing up and going home earlier each day.

The CEO asked the Vice President of H/R to conduct an informal survey of employees to see if she could uncover the problem. The VP came back with the report that the vast majority of employees were afraid the company was going to close down. The executive team was shocked when they heard the report, and especially to hear that it was related to the close controls they had on costs.

These controls were not new, and in fact were a significant part of why the organization had managed to hold such a strong cash position. This point had been well communicated to the general employee population, but the H/R VP reported that the general employee base didn't believe it! They reported that they saw the executive team spending a lot of time in their offices and in closed-door meetings and had concluded that they were planning how to lay everyone off and close down the company. In fact, the company's cash position was so strong, that the executives had actually been working on a potential acquisition that would allow the company to take over one of their key competitors and come out even stronger! Employee "sense-making" had taken the observable facts and drawn a conclusion that was completely influenced by the predominant trend in the market….but completely off target for the company!

The CEO concluded that it would take a series of strong, visible steps to change the atmosphere. To his credit, he decided the first step was to show the employees that the executives really had nothing to hide. He had the office re-configured and moved all of the executives out of their offices and out into the cubicles with the rest of the employees. In addition, he started a monthly operations meeting and invited the entire company to come and hear updates from each of the executives on the progress being made. Fortunately, these measures paid off by helping to dispel the rumors about the company's future and restoring employee morale.

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This simple example illustrates the importance of providing context for decisions in the workplace. Had the CEO not asked the Vice President of H/R to survey the employees, he may have lost one of the things that had set the company apart: a highly motivated and energized workforce.

Due to the confidential nature of the proposed acquisition, it would not have been possible for the CEO to be completely transparent with the workforce. However, had he anticipated the impacts of the external environment, he may have been able to avoid the temporary morale issue by starting the management meetings earlier. A respectful, transparent leader recognizes that information out of context can bring people down and destroy

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motivation. By recognizing that all people are constantly reacting to the world around them, thoughtful leaders can provide insight and information to maintain positive emotions, high morale, and ultimately more motivated employees.[ix] Effective leaders must use the insight gained in their conversations with employees to answer their questions, provide a frame of reference and explain what is happening in the organization and how it affects the team.

Connect Individual Contributions and Organizational Objectives

Understanding your team members' motivational drivers and providing context for decisions will require a regular dialogue that can help bring into focus each individual's contributions and illuminate how they fit into the big picture. This connection provides a unique opportunity to create a powerful link between individual motivation and employee performance.

Many performance management systems make an effort to create a connection between an individual's contributions and corporate goals. However, most of these systems fail to take the individual's personal goals and aspirations into account. Typically, goals are set at the corporate level and then cascaded down through the ranks to clarify employee accountabilities. While this approach is an important part of aligning incentives and goals, it may fall short when employees can't make a connection between the goals set by the system and their own personal aspirations.

The typical "top down" goal setting process relies exclusively on extrinsic factors to motivate by creating a series of carrots for employees: If they achieve the goals set by the system, they are rewarded with higher pay, better bonuses, faster career progression, or other incentives. No doubt, these types of rewards can be helpful, but they don't address the more powerful intrinsic factors that drive motivation.

Several, researchers have shown that setting specific goals and allowing employees to present personal ideas and beliefs during the process can give them more ownership of the goals and more than double their level of performance improvement.[x, xi, xii, xiii] Mid level managers are uniquely positioned to extend the top-down corporate goal setting process by including a bottom up dialog that seeks to put employee aspirations in the context of the company's goals.

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Seeing the world from your employee's perspective will give you insight into what is important to them and help you connect their personal goals with the organization's objectives. When you begin performance management conversations with an understanding of what drives people you'll be able to see how those drivers influence their personal long-term goals. Performance management should closely align the individual's need for growth and development with the organizational objectives by providing employees with stretch assignments, allowing them greater accountability, and challenging them to take on more responsibility.[xiv] According to Herzberg, this type of "job enrichment" produces more loyal and dedicated employees.

By aligning the employee's objectives to the organizational goals, you are helping to boost the bottom line. The organization will reap the rewards and the employee may earn additional extrinsic rewards in the form of bonuses. But a successful manager can help both the organization and the employee win by aligning personal goals and aspirations with the employee's performance objectives. By seeking to understand your employees and learning their unique professional goals, you can develop performance measures and targets that will inspire them to work harder, fulfill their personal objectives, and hit corporate targets.[xv]

Conclusion:

Fortune's list of best places to work provides a great example of how organizational perks can create a supportive and motivating environment. However, these extrinsic motivators only address part of the challenge. The onus is on individual managers to get to know their employees in such a way that they develop an understanding of the intrinsic factors that will truly drive employee motivation. The starting point is to strive to deeply understand each employee's perspective to help provide insight into what truly drives him. Second, provide context for as many decisions and actions as you can to help team members "make sense" out of what's happening and keep a positive perspective. Finally, use the performance review process to discuss their goals and aspirations and help them understand how their job might help them fulfill these goals. Creating this type of self-reinforcing work environment takes time, and a genuine interest in your employees. You don't have to be an armchair shrink to be good at it, but it definitely helps to be a good listener.

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About Us

Tandem Solutions is a unique professional services firm that helps our clients achieve individual and organizational potential. Unlike many firms that simply "outsource" projects or deliver training, we work "in tandem" with our clients to help them improve performance and create business value.

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Address

1 Mount Vernon Street
Suite 207
Winchester, MA 01890
339-298-2013
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tandem-solutions.com

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