

STRENGTHEN THE BOND WITH EMPLOYEES BY CUSTOMIZING

HOW COMPANIES TREAT THEIR EMPLOYEES determines how committed and engaged the employees are. Many leaders respond to this simple truth by touting the “good-as-apple-pie” working conditions and rewards they already have in place. I get it, they say smugly; look at what we’re doing.

The menu of apple-pie variables is well known. They are espoused by almost every Human Resources expert and provided by almost all responsible organizations. The list includes:

- Competitive compensation and health and pension benefits.
- Tuition assistance.
- Life insurance.
- Profit sharing and stock options.
- Admirable leadership.

- Good communication.
- A vision and mission workers can identify with.
- Teamwork.
- Training and retraining.
- Counseling and coaching.
- A flexible work-life arrangement

But how much do people really value these things? Two recent studies looked at a broad range of practices that HR people typically consider motivators to discover which factors actually meant the most to the largest number of workers. Every single business leader and every Human Resources specialist needs to heed the results. In one study, the greatest impact of any single variable was 14 percent; in the other, it was 10 percent. In both studies, the category that had the *most* impact was “all other factors” (See Tables 8.1 and 8.2).¹

Table 8.1
“None of the Above,” Part 1

Gaining Employee Trust Relies on Seven Key Factors

1. Explaining reasons behind major decisions	10%
2. Gaining support for the business direction	10%
3. Motivating workforce to high performance	10%
4. Promoting the most qualified employees	10%
5. Acting on employee suggestions	9%
6. Providing job security	9%
7. Encouraging employee involvement	8%
8. All other factors	34%

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Table 8.2
“None of the Above,” Part 2

Key Drivers of Employee Commitment

1. Trust in senior leadership	14%
2. Chance to use skills on job	14%
3. Competitiveness of rewards	11%
4. Job security	11%
5. Quality of company’s products/services	10%
6. Absence of work-related stress	7%
7. Honesty and integrity of company’s business conduct	7%
8. All other factors	28%

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The message here is, don’t assume that what you are already doing is what your employees need and want. Don’t assume that what you already have in place for a large group of employees will be satisfying for the individuals within that group.

We might think that the way for sagging companies to increase commitment is to give employees more of these items, to change the offerings in some way. The organization is, after all, in control of those factors and can change them at any time. But the reality is that no single change has the power to create commitment and engagement for an entire group of people. There is no magic bullet that works for everyone.

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However, a single intervention can be enormously powerful in changing the attitudes and behaviors of an *individual* if it gives people what they most need or want *now*. I believe this is the key to increasing employees' passionate commitment to the company's success.

Paying attention to the priorities of individuals sounds like an impossible task because of the sheer number of possible preferences. In fact, in reality it doesn't work out that way. Although it is true that priorities can and do change with different economic conditions or life stages or technology requirements, the priorities of individuals always fall into a relatively small number of clusters at any one time.

After my book *The Plateauing Trap* was published in 1986, I gave lectures on that subject to many thousands of people.² I would ask members of the audience to call out answers to the question, "What do you need from your work in order for you to feel satisfied?" and I would write their answers on flip charts or a blackboard.

It was not unusual to have 30 to 50 different responses. But those responses could almost always be clustered into four groups:

- Money and other extrinsic rewards
- Opportunities for challenge, which involved continuous learning and manageable risk
- Empowerment, which involved greater autonomy and decision-making authority
- Opportunity to do significant work and be treated as a significant contributor

Money, challenge, empowerment, and significance—four clusters of preferences is a very manageable list.

There seems to be a natural limit to the variety of outcomes that achieve a high priority at any moment. To the question, What do you most need or want *now*, there are relatively few answers.

In my lectures in the decade from roughly 1985 to 1995, the first audience response to the question was always “challenge”; “money” was never called out until we already had about a third of the total list. In the years from 1995 to 2002, the two leading responses were money and autonomy. The lesson here is that what really differentiates people is *when* a person wants a particular condition or outcome.

HUMANIZE THE WORKPLACE

The basic idea of customization is to create a cafeteria of options that individuals can choose from. The items on the menu must be compatible with the organization’s values and, of course, there needs to be a financial ceiling. Once a year or once every several years, employees select the specific items that are most important to them at that time. This program of outcomes and conditions can then be customized for individual workers.

The first step involves asking questions and listening to the answers. You need to find out what employees’ priorities are, not generally but in very specific terms. At the end of this chapter you will find an extensive menu of possible items; they are meant as suggestions only, as an aid to structuring the discussion in your particular organization.

It’s important to solicit input from both the employees and their managers, so that the end result is both meaningful and realistic. By the way, really listening and relating to an individual employee is also, in itself, a powerful demonstration that the employee’s well-being and preferences are important to the organization.

The second step involves an active discussion between employees and their managers in which options are created and choices are made based on their importance to the individual and their feasibility.

To construct the clusters in any particular organization, it is not necessary to interview each and every employee. A representative sample is usually sufficient. How many interviews does it take? In a large organization, about 100. You know you have sufficient data when the interviews are no longer providing new information.

After a sufficient sample of interviews has been held, the basic clusters can be identified and individual entries can be assessed as to feasibility and value within the organization. They are then either assigned to a cluster, or discarded.

Every few years, the organization should repeat this process. Interview a substantial sample of people again and determine whether priorities are changing. At the same time, perhaps even annually, assess the program's effectiveness from two sides:

1. What effect has it had on employee commitment and engagement?
2. What about financial outcomes? What were the effects on:
 - Employee and customer retention
 - Sales
 - Profitability
 - Share price
 - Return on equity

To make this work, the conditions and outcomes that people can earn need to be in line with both the employee's priorities and the organization's values. They must be effective, and they need to be affordable.

The choices that people make should generally be binding for some designated period of time, after which their choices can change. However, it's a good idea to also incorporate some flexibility, because it further demonstrates the organization's commitment to an employee's well-being.

Don't let yourself get bogged down in endless discussions of what conditions or outcomes employees can earn. The list of

offerings will naturally evolve over time just as an individual's priorities will.

Most of all, remember that the specifics of what people can earn are often less important than the message delivered by what the organization actually does. That message is: your performance is crucial to our success and therefore we are not going to take you for granted, ignore you, or casually discard you.

In a nutshell, "Humanize the Workplace" simply means to pay attention to the people who do the work. This is not kindness; it is at the heart of being able to succeed and be profitable.

FAIR—BUT NOT IDENTICAL

A few years ago, I delivered a talk to an audience of Human Resources specialists. One of the observations I made was that baby boomers and Gen-Xers had a wider range of core motives than did the older Depression-affected generations for whom security was the number-one motivator. As a result, I said, those of us involved in HR issues will need to pay attention to what individuals want.

"But that wouldn't be the same for everyone," one participant protested, "and that wouldn't be fair!"

Fair does not have to mean *identical*. While that's a pretty easy idea to grasp, in practice it's a really radical statement. We start learning that fair does mean identical when we are very young and our teachers carefully divide a treat so that every child gets exactly the same amount. Giving one child more than another would be favoritism, and we know that gets even little kids really angry and upset. Favoring one child over another would also require thinking through why one kid deserved to get more and another less.

Historically, our schools, governments, and corporations have talked about treating people differently on the basis of performance, but in practice they treat most everyone in the same

rank or the same job or the same level of seniority the same. There are benefits to this approach. First, it makes fairness self-evident, while also reducing the legal liabilities of discrimination. More importantly, treating everyone the same reduces the need to deal with people and their individual performances and preferences.

Organizational leaders need to shake loose of this idea of absolute fairness. A lot of very valuable new research highlights the differences among generations. Most of the time the differences show up as a preference in one generation that is not shared by people in other generations. But for organizations, the difference among generations should probably be thought of as the difference in the percentage of people in any group for whom a particular outcome or working condition is especially important.

It's reasonable to assume, for example, that everyone would prefer to do work that they find meaningful. It is really interesting, in fact, to see how people in basically mundane occupations, like collecting road or bridge tolls, are able to perceive their work as helping others. This view enables them to see their work as meaningful.

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But when we look at the question from the perspective of generations, we find that while almost all of the Depression-affected employees would prefer their work to be meaningful, only a small percentage would consider that a requirement. In contrast, meaningful work might be a required component for about a third of the older boomers, half of the younger boomers, and perhaps 80 percent of GenXers.

INVOLVING EACH EMPLOYEE INDIVIDUALLY

Differences among generations offer vital clues as to what the majority of any group wants, and that information reveals

major social changes. But that level of information does not tell us what an individual prefers. It is, therefore, useful to *think* in terms of demographic differences but *act* in terms of individual preferences.

Which leads to the question, *Do we have to treat people as individuals?* Because that philosophy is likely to have a large payoff in terms of positive feelings and behaviors, it is an inherently good idea. But when your workforce includes younger boomers and GenXers and anyone else who holds their individualism dear, you have no choice. You *must* treat them as individuals because for them individuality is a core value.

Keep in mind that people's priorities don't always hinge on their cost. Business organizations tend to assume that the major motivators for everyone are compensation and status. Those are extrinsic motivators, which means that satisfaction comes from something outside the work itself. This simply means that some people will do work they dislike if it offers enough money, security, recognition, or power. Other kinds of organizations, such as universities and not-for-profits, believe people are mostly motivated by intrinsic motivators, such as opportunities to keep learning and work that makes a difference, in which the biggest payoff comes from doing the work.

While it used to be true that people put more weight on either extrinsic or intrinsic payoffs, lately many people want both. Even highly compensated people want their work to give them the opportunity to keep learning and meet new challenges while they're doing work that matters. And fueled by the heady money that was made in the heyday of the dot-com era, even people who put intrinsic payoffs first can now appreciate how compensation can make life easier. Organizations should pay attention to both intrinsic and extrinsic rewards and enable employees to earn both.

Also, keep in mind that people's priorities change as their lives change and their responsibilities increase. That's why I recommend that organizations revisit their program every one or two years. Ask the question again: What's most important to

you at work right now and for the next one [or two] years? Keep asking: You cannot enable people to satisfy their most important needs if you don't know what they are.

One final caution: Remember that you cannot promise that all employees will be able to earn their singular preferences. Never promise anything you're not certain you can deliver. Broken promises destroy trust, and once trust is gone, it is very hard to rebuild.

TODAY'S CLUSTER OF PRIORITIES

Fortunately, most of the priorities of individuals will fall into a reasonably small number of clusters and that makes it relatively easy to identify them and make them operationally available.

Many of the familiar priorities from the past 20 years are still valuable. People want to:

- Keep learning.
- Achieve reasonable security.
- Be successful.

But some are new. Today's workers also want to:

- Have both my work and my family flourish.
- Like and respect my colleagues and bosses.
- Find meaning in my life and my work.

Within those clusters, it is possible to draw up an extensive menu of choices so that each and every employee can find things he or she values. At the end of this chapter, you will find many suggestions. Reading through them may trigger other ideas. Of course, not all items will be applicable to any one organization. Every organization needs to customize its offerings according to its values and the values of the workers it wants to hire and retain.

In short, within realistic possibilities and limits, individual employees should be able to earn the conditions and outcomes that matter most to them at any given time.

Yes, developing a new program like this takes time. But the cost/payoff ratio is terrific. Organizations can afford to be psychologically flexible and generous to employees who have earned generosity through their sustained excellent performance. I'll say it more bluntly: If you want to retain that level of excellent performance, you can't afford not to.

MANAGE TO SUCCESS: CUSTOMIZE RECOGNITION

To maximize the effect of customization, organizations should also customize how they praise and reward employees and that should involve and affect how employees are recognized.

Organizations need to *manage to success*, which means they do everything possible to help employees succeed. The reason is simple: nothing motivates people as much as success. Managing to success also involves praise and recognition. Again, customization is key. Truly effective rewards require managers to really know their people so they can select meaningful outcomes.

When it comes to praise and recognition, two errors are common. The first involves Scrooge-like behavior, which means withholding any positive response in the face of excellence. Managers frequently justify this error by proudly declaring, "I don't need praise from anyone!" Whether that's true or not is irrelevant; what matters is that it's lousy management. When people have achieved something significant, especially if it was against high odds, they expect some kind of positive response, and they've earned it. It is true that people usually derive intrinsic satisfaction from knowing that they succeeded, especially

Nothing motivates people as much as success.

when the task was difficult, but people also revel in the organization's recognition of their outstanding performance.

The other error is the opposite: doling out so much praise and recognition that they have no value. Devaluing recognition is pretty common in large organizations, especially those that have gone so far as to have a Department of Recognition. Then, recognition is formalized and bound up in rules rather than ribbons.

Over time, recognition specialists can become paralyzed because of philosophic issues like, "Different jobs have different levels of visibility, and it's much easier for some people to get noticed than others." To undo this painful inequity, the recognition specialists have been known to enlarge the opportunities for everyone to "earn" recognition.

My personal favorite was the utility in which employees could nominate people for a recommendation because that person had been nice to them. Of course, that was not surprisingly generous because that was also the organization in which people could nominate themselves for recognition. The hurdles to recognition in that company were so low that recognition had become a joke.

Timing is important. Recognition is most powerfully effective when it is delivered very soon after the accomplishment. A letter of praise from the CEO written a few days after a project was finished is far more meaningful than attending a recognition banquet three months later.

Also, the recognition that is savored and remembered rarely involves a lot of money. Mostly, the recognition that really matters is personal, spontaneous, heartfelt, and delivered by someone who really knows the work and the people involved.

I recently asked participants in a training class to tell the group the recognition that they remembered as being the most meaningful. Here are some of their responses:

- Three years after I completed a project, my former boss said, "Remember Project X? That was a really nice job you did." (It

- was important to me not for its timeliness, but because this was a person who never gave compliments.)
- Being cited as an expert by a speaker in front of an audience of 300-plus peers and superiors.
 - Contractor threw a significant thank-you celebration for enabling their work.
 - Being offered two jobs even when the number of candidates was large.
 - Verbal and written recognition before my whole team.
 - Comments from peers, management, and subordinates regarding what people “liked” about me at an off-site organizational effectiveness meeting.
 - My senior vice president recognizing/commenting on my efforts (re: a project) to 150 people in a banquet setting.
 - Letter from the president and a promotion.
 - Being allowed to take on extremely influential assignments or roles.
 - Receiving praise from a manager that few could please.
 - E-mail note from a customer listing each member of one team and what they did, with copies to the whole business unit.
 - High-level manager took me to dinner.
 - Twenty-five dollar Macy’s gift certificate for one year’s perfect attendance.
 - Visit in hospital by vice president. I was employed less than two years.
 - Way-To-Go Award telling me I did an excellent job.
 - Took a training class for a week that allowed me to travel. Not a local class.
 - A peer of my boss knew of some of my achievements and mentioned them to me.
 - Being asked to lead a work group at a trade organization.

Here’s my own story. The most memorable recognition I ever received was a vase of flowers delivered to me by Billy Frye, then the dean of the College of Literature, Science, and the Arts

at the University of Michigan when I was an associate dean. It was not my birthday, not the anniversary of the day I became a dean, and it was not “Recognize Your Subordinates” day. Billy had walked blocks in Michigan’s winter to get to the florist and then blocks to my office in order to give me a spontaneous gift that basically said, “*Thanks!*”

In summary, letting people earn the working conditions, assignments, and outcomes that they need or want at this time and managing to success by celebrating and recognizing their accomplishments are well worth the effort. They go a long way in capturing and fostering commitment and engagement.

SUGGESTIONS FOR CUSTOMIZATION MENU ITEMS

Organizations should aim to construct a menu of choices in each category that are meaningful to employees and that also reflect the organization’s values. The items listed here are merely suggestions. Each organization will select ones that are especially relevant and should feel free to add others. In this list, the items I think are particularly important or creative are **in bold**.

I want to: keep learning

- **Work that’s different in content, place, or responsibility**
- **Challenges that involve some risk**
- **Advanced professional education**
- **A customized career that develops a whole range of professional skills**
- **Assignments that develop interpersonal skills**
- **Experiences that increase self-knowledge**
- Periodic sabbaticals to expand the breadth of my experiences
- Training
- Mastering new knowledge and skills

- New assignments
- Mentors and coaches available
- New leaders are put through a development program.
- Funding and time to participate in professional meetings
- Reimbursement for going to professional meetings or courses
- Professional dues and publications paid
- Tuition paid in full or partially
- Lecturers are brought to the organization.
- College classes on site

I want to: achieve reasonable security

- **Job security conditional on whether the organization needs what I do and can afford to pay me and whether my performance and attitude are excellent**
- **Clear expectations and outcomes**
- **Vacations, salaries, and benefits cut before any major layoffs.**
- **Continuous collaboration to improve performance and keep work in-house.**
- **Hiring and promotions based on merit and involve peer review as well as assessment by bosses**
- **Career counselors available to help employees increase their value to the organization**
- Adequate and relevant training and education
- Periodic wage and benefit increases
- Bonuses and stock options tied to individual, team, and company performance
- Pay for achieving goals, having the right attitudes, and treating others with respect
- A policy of no layoffs
- Bias and discrimination severely punished
- Employees not perceived as disposable
- A long-term commitment to employees
- Affordable and portable health and dental insurance with costs shared by the organization and employees

- On-site medical and wellness centers
- Choice of medical plans, including flexible spending accounts up to \$5,000 to pay for healthcare deductibles and other health items like routine physicals, over-the-counter drugs, exams, and eyeglasses
- Paid sick leave
- Choice of dental plans
- Choice of life insurance plans
- Choice of retirement finances [pension, IRA, 401(k)]
- Long-term care insurance
- Disability insurance
- Portable pensions
- Defined benefit pensions
- Low-cost loans
- Spouse receives employee's retirement pay
- Domestic partner benefits
- Flexible age-related retirement policies
- Compensation for commuter costs, including parking and mass transit fees
- Individual Retirement Accounts that are owned and managed by employees with help from financial advisers
- Safety on the job is a major goal

I want to: be successful

- **Significant amounts of merit compensation**
- **Acknowledgment in the form of opportunities to lead and make decisions**
- **Opportunities to be entrepreneurial and create new projects or businesses**
- **Acknowledgment of my contributions to my profession and my community**
- **Leadership flourishes throughout the organization.**
- **New positions created to accommodate special talent**
- **Major forms of recognition at all levels and functions**

- Recognition and rewards, both symbolic and monetary
- Travel and merchandise awards
- Increased autonomy
- Opportunities to “be at the table” with the decision makers
- Opportunities to control, use, or invest increasingly large sums of money
- Individualized compensation includes profit sharing, bonuses, 401(k)s, and shares or stock options
- Bigger challenges
- Individualized working conditions
- Individualized recognition
- Individualized compensation and benefits
- Coworkers vote on potential new employees
- A private office
- An active support network
- An ombudsman to handle employee issues
- A peer-elected committee giving lower-ranked employees a voice
- Promotions and compensation determined by a panel of peers and not by manager
- Health coverage and tuition reimbursement for part-time employees
- Employment opportunities or tuition allowances for spouses on international assignments
- 10 percent of the first year’s cost savings to the employee who suggested the idea
- Creative freedom to devote one-fourth of time to pursue work-related ideas outside of regular work
- Onsite MBA program free with grades of A or B, half off if grade C.

I want: my work and my family to flourish

- **The basic value that healthy family relationships are an asset to the business**
- **Respect and consideration for dads as well as moms**

- **Agreed-upon rules in regard to employee accessibility**
- **Ability to earn a partnership or tenure while working less than full time**
- **Cutting-edge communication tools so I can work anywhere, any time**
- Short-term family leaves and assistance for child and elder care
- Help with disabled family members
- More time off
- Flexibility about career interruptions for outstanding employees
- Training and education available for employees during a period of career interruption
- Mentors or coaches, and part-time jobs or assignments, for employees during a period of career interruption
- On-site services that minimize time spent running errands
- On-site services for child and elder care or referrals to excellent and affordable care
- Flexibility about when and where work is done
- Shared jobs
- Training for managers in managing distributed workers
- Work schedules that minimize the number of times employees have to choose between work and family
- Employee works only during school year
- Work/family programs
- Healthy lifestyle programs
- Longer parental leave than legal minimum
- Full to part-time work
- Managers trained to support employees who work at home
- Flex-time, compressed work weeks, and flex-place
- Reimbursement for child care expenses
- Paid family leave
- Unpaid family leave
- Opportunities for telecommuters and part-time employees to participate in significant projects
- Managers who stay in touch with employees who leave for a number of years

- Meetings held when everyone can come (i.e., during lunch hour)
- Flexibility about where people live
- Adoption assistance
- Same-sex-partner coverage
- Programs directed at men as well as women
- Saturday child care
- 20 days of free back-up care for all kids and another extra 20 days for kids aged three to six months
- 24-hour child care
- Time to visit your child's classroom
- Elder care program, including counseling
- Summer camps
- A parents' night out
- A paid week off for new grandparents
- On-site afterschool programs

I want to: like and respect my colleagues and bosses

- **Hire great people**
- **Select managers based as much on their ability to lead and interact with people as on their professional skills.**
- **Rewards for effective development of subordinates**
- **An organization that encourages a sense of belonging and community**
- Strong values about sharing what one knows, so teamwork is a natural outcome
- An "open-book" culture in which employees as well as managers know what is happening
- A culture where people tell the truth because the truth is respected and expected
- Management that is accessible and trained to listen to employees' input
- Competition directed at the competition, so peers can be colleagues
- Activities to build a community at work
- Knowledge respected in decision making
- Walking the talk is key

- People are expected to be responsible.
- People are expected to share what they know.
- People are expected to speak out.
- A flat playing field
- Collaboration is expected.
- A CEO who has lunch with every new hire

I want: my life as well as my work to have meaning.

- **Work that contributes to causes or outcomes that I really value**
- **Employees have opportunities to see the difference their work makes.**
- **The sense I'd still work here even if I won the lottery**
- **The perception the world would be worse off if we didn't do our work**
- The organization is passionate about new ideas.
- Paid time off to volunteer at organizations whose work I believe in
- The culture doesn't punish reasonable mistakes
- Voluntary shared-leave programs
- Charitable matching donations
- Technology makes work more fulfilling.
- People can achieve closure at work.
- Employees are expected to have input.
- Unnecessary work is eliminated.
- The company occupies a socially responsible niche.
- Employees help to choose the work they do.
- There are opportunities to see the effects of the employee's or company's work.
- A six-month sabbatical (with full pay) to pursue a project that will benefit the company or community in a meaningful way

Miscellaneous Suggestions

- Employees can mail packages on site at the holidays at the company's discounted rates

- Food gifts at Thanksgiving and Christmas
- Hot-lines to help employees quit smoking, manage diabetes, lose weight, get psychological counseling, find child care, receive coaching for legal and financial issues, and get health risk assessments
- ATMs and postage machines on-site
- Bagels, muffins, coffee, tea, and water on-site
- Cafeteria on-site
- Taxi or limo transportation home after late hours
- Company negotiates low rates for long-term-care insurance, vision care, auto loans, cell phone plans, and computers that employees can purchase.
- Cleaned and pressed uniforms or laundry service
- Good meals at discounted cost at company facilities
- Free stays at company's hotels
- Free or cut-rate airline tickets
- Free limos for weddings
- Family-style kitchens with meal service
- Massages
- A meditation and/or yoga and/or nap room
- Friday cocktail hour
- A seasonal farmers market
- On-site gym, including a basketball court
- Sports teams, hayrides, ski trips
- Lower-level employees get higher profit-sharing percentages than highly compensated employees
- Tickets to events
- Lavish parties to celebrate a major success
- Professionally made take-home dinners
- Cruises on the company yacht or rides in company helicopter
- Handsome buildings in lovely settings
- Posters of employees mounted on walls
- College-age children or grandchildren receive 100 percent of tuition, up to \$20,000 per year, if they maintain a GPA of 2.5 or higher
- Paid vacation trips

- Full service on-site dentist
- Matches for charitable donations
- Generous referral bonuses
- Periodic on-site driver's license renewals
- Bring dogs to work
- Performances of live music by employees at lunch time
- A putting green
- Free fishing classes and equipment to use during breaks
- An extra week's vacation and \$500 on your wedding day