LIFETIME, INTERACTIVE BUSINESS GUIDE
A TEN-BOOK SERIES ON TOP BUSINESS FUNCTIONS

WIN @ BIZ®

Motivate Your Employees

KNOW WHAT THE WINNERS DO!

Growth & Business Coach

David Gabbert

davidgabbertbusinesscoach.com

WIN AT BIZ®

MOTIVATE YOUR EMPLOYEES

A TEN E-BOOK SERIES

AUTHOR DAVID GABBERT

TABLE OF CONTENTS

Introduction

What motivates individuals? If everyone were motivated by the same incentives, you could be sure that your employees would always act in the interests of the company's profitability and growth.

To develop effective motivational strategies, you must know what you want people to achieve—and then decide how to motivate them. After all, productive actions lead to profitability and growth; and without profitability and growth, none of the other benefits that a company can provide to its customers and employees are possible. Will healthcare, four weeks' paid vacation, and a four-day workweek motivate people to be productive? Probably not. Will a profit performance bonus motivate a person to create profitable growth? Maybe. Will a person work productively day after day if he or she does not enjoy their job? Will employees be committed to working towards company goals that do not align with their personal motives?

To keep people motivated, maintain high morale, and guarantee peak productivity toward common goals, you must be knowledgeable about the motivational aspects of human behavior. Different benefits motivate different people. Only by tapping the power of motivational management can you truly ensure that your employees will consistently create profit and growth for the company.

Build the Right Team with the Right People

Successful managers know that you first have to hire the right people, and then be a pro at seeing inside each person on the team, without personal bias. You have to be able to recognize individual differences, determine each person's unique buttons, and motivate them to produce and perform. Superior performance only happens when you correctly identify an individual's talents, and match them to the job.

In Book 5 of the Win at Biz series, *Hire the Right People,* we talked about how every person has unique talents. These talents are what the individual is "wired" to do and enjoys doing over and over again. When a person is using his or her talents, he or she will experience the most satisfying feelings of gratification and accomplishment. When people enjoy what they are doing, they will put more energy into it, and perform at a higher level. When a person's talents do not align with the job, satisfaction is impossible, and productivity will decline.

Be assured that hiring mistakes will occur, and people will end up in mismatched roles. It is the successful manager's job to recognize when this happens, and attempt to find a new position that is better matched to the person's talents. Remember, you cannot transform people; you cannot teach talents. Successful managers do not waste their time on people's weaknesses, people that are in mismatched positions, or people that are low producers. Successful managers spend the most time on their most productive people because those are the people who have the talents to multiply the company's performance.

Successful managers will know what to look for. Think about the people you have managed whose talents have been well aligned with the talents required for the position. They were, no doubt, self-motivated, quick learners, and productive, happy employees. Now think about the employees you have managed who struggled because their talents lay elsewhere. They have trouble learning new tasks, lack confidence, need more supervision, and produce less. A successful manager is quick to recognize when an employee is in a mismatched role and moves that person out of that position.

To manage and motivate for maximum long-term performance requires continuous individual evaluation. Keep performance evaluation records up to date for every employee. It becomes much easier to single out unproductive employees when you have the ability to review up-to-date evaluation reports.

Once you have been successful at building the right team with the right people in the right positions, you will be ready to implement the appropriate motivational communications and motivational strategic programs discussed below.

Win at Biz Scorecard

- **Do you define the talents required of a position to enable you to hire the right people to build a happy, productive team?**
- **Do you spend most of your time managing your most productive people?**
- **Do you keep evaluation reports on each employee?**
- **Do you recognize the people that are placed in positions where their talents do not match up and take action to move them?**

The Power of Recognition

Mark Twain said it perfectly: "I can live for two weeks on a good compliment." Successful managers, too, understand the power of recognition. Research has proven that personalized, instant recognition directly from a supervisor is a meaningful form of motivation. People need to feel important and what better way to achieve that objective than to develop a consistent recognition program. The best personal praise is frequent, timely, sincere and specific. Nothing beats a simple daily recognition program that builds a positive foundation of goodwill between management and the employees.

To get the greatest effect, vary the following methods of delivering praise:

- Delivering praise personally, face-to-face;
- Using handwritten notes with a thoughtful word of praise;
- Sending an electronic message containing praise;
- Delivering praise to an employee or group of employees publicly.

Why would management *not* use recognition as a motivational tool? Doesn't everyone appreciate recognition for a job well done? As Rosabeth Moss Kanter says, "Recognition is so easy to do and so easy to distribute that there is simply no excuse for not doing it."

Personal praise is but one form of recognition. In the book, *1001 Ways To Reward Employees*, by Dr. Bob Nelson, you can read case studies from several companies that use both intangible and tangible forms of recognition effectively. In my experience, the intangible forms of recognition that employees value most are the rights to exercise their creativity and express their ideas. The opportunity to be heard and have management listen says to them, "I appreciate you and I value your ideas." Another one is when managers take time out of their schedules to teach an employee new knowledge or skills that are deemed valuable. Special job assignments—ones that the employee desires—as well as time off or flexible hours can also be valuable methods of recognition. In developing your various forms of recognition, you should always assume that each and every person wants to do a better job and grow.

The more obvious forms of recognition are tangible—trophies, plaques, awards, cash, or cash substitutes such as gift certificates. Gift certificates that are accompanied by a handwritten thank you note can be a rewarding, personalized touch. Trophies, plaques, and awards offer a lasting, residual benefit compared to cash or cash equivalents and, of course, carry the pride of tangible recognition. Trophy-type awards should always be given publicly.

Do not forget to use the power of recognition to improve the performance of employees in the areas of sales, customer service, generating ideas, improving quality, or increasing production. When you are deciding upon the best forms of recognition for your company or employee, or to serve as an incentive to meet a certain goal, consider this statement by Arthur Pell: "You can't know employees as individuals until you're willing to put in the time to talk to them. And you have to talk to them to know what motivates them."

Win at Biz Scorecard

- **Do you talk to your employees to find out what motivates them?**
- **Do you have a well-established recognition program in place?**

Spread Enthusiasm, Spread Motivation

Your moods affect your employees. Productivity and enthusiasm go hand-in-hand, so be aware that your enthusiasm—or lack of it—can have a direct effect on the bottom line.

Leaders who don't transfer enthusiastic feelings will not motivate their followers. The tone of your voice, facial expression, and your body language all matter. Just think about the last time you worked with a salesperson who was less than enthusiastic about the product he was selling. No doubt his or her lack of enthusiasm was transferred to you and you made a purchasing decision accordingly.

Likewise, enthusiasm is contagious; successful leaders can use it as an effective motivational tool.

Win at Biz Scorecard

Do you and your managers use enthusiasm as an effective motivational tool?

The Motivational Meeting

Successful motivational managers use positive performance language. Always remember that language affects thinking, and thinking affects behavior. As Dale Carnegie points out in his classic book, *How to Win Friends and Influence People,* every act a person performs is due to either something that is important to them or something they want. It is the successful manager's job to uncover what each individual wants and to properly explain how they can obtain it while achieving desired outcomes for the company.

Preparation is the key to a strong motivational meeting. Successful motivational managers must take the time to prepare a list of powerful questions to uncover employees' wants. Remember, your goal is to encourage the employee to set their own goals and discover their own better path. Start by making a list of good questions. Here are some examples:

- Where do you want to be in one, three, and five years?

- What are your long-term and short-term financial goals?

- What are your advancement goals?

- What areas do you want to improve personally?

- Do you enjoy their work?

- What is important to you in the workplace?

- What frustrations are you encountering?

- What new knowledge do you need to improve performance?

- What new tools do you need to improve performance?

- How can your coworkers help you improve performance?

- What ideas do you have for raising the bar on outcomes you can control?

- How can you improve your path for achieving the improved outcomes?

It is important that you use language that makes them feel important. Take every opportunity to offer sincere compliments and praise. Support them in accomplishing the goals and expectations they have set for themselves by giving them both verbal support and making sure they have the proper tools to perform. Show each person respect and give each one a reputation of performance to live up to. Remember, using the correct motivational language and listening skills discussed in Book 9 of the Win at Biz series, *Develop Effective Speaking and Listening Skills*, is integral to achieving the desired results.

When in doubt, remember that a good conversation focuses on what an employee wants and how to get it. Ask a lot of questions, and focus on listening. Seen to gain an understanding of their beliefs and their point of view. It is only then can you begin to help him or her achieve a goal. Start the meeting with sincere praise and appreciation of their work and contribution to the company, and then focus the balance of your efforts on listening to the answers to your prepared questions. Follow up each answer with more questions to gain a thorough understanding of the employee's message. Take notes to demonstrate to the employee that you care what he is saying. Your goal is for the meeting to be a positive, encouraging experience for the employee.

Conducting several of these private, motivational meetings will take an abundance of time by the manager and, therefore, will require a real commitment by management.

Win at Biz Scorecard

- **Do you use encouraging motivational language?**
- **Do you focus on preparing questions to uncover what the employees want and what their viewpoints are; then show them how to get what they want?**
- **Do you give them the necessary support to help them accomplish their goals?**
- **Do you praise them often?**

Address Unspoken Needs

It is also important for the successful manager to address the unspoken needs of the newer employee as he or she progresses through the first year of his or her employment. Once an individual has learned the steps of the job and is delivering satisfactory outcomes, he or she will start to have many of the following thoughts:

- I wonder what management thinks about my work?
- Does management value me as an employee and as a person?
- Does management value my opinions?
- Do I feel important because I believe in the service the company provides?
- Do I feel my job is contributing to a successful end result for the company?
- Are my coworkers committed to the company's mission and doing quality work?

- Will this position allow and will management help me to develop my talents, skills, experiences, and knowledge?

- Am I being challenged to create new ideas and be innovative?

Successful managers know that these thoughts are on the minds of new hires. The answer to each of these questions satisfies a need—for reinforcement, reassurance, encouragement, and motivation. Satisfying these needs will require the manager to prepare a list of questions and answers that can be communicated in informal meetings.

These questions are natural, and they need answering. When the need for feedback goes unfulfilled, quality people will leave. The company will suffer a productivity loss after investing a substantial amount of time and money into their training. Companies lose good, productive employees everyday because the employee's needs were not being fulfilled. More often than not, the departing employee would have stayed if management would have done a better job communicating with the employee regarding his or her needs, goals and employment objectives.

Beyond satisfying employees' basic needs, motivational management also requires developing a yet-higher level of education, planning, and thinking. That is the subject of our next section.

Win at Biz Scorecard

- **Do you meet with employees often to uncover their inner needs?**
- **Do you, as a company, attempt to fulfill each employee's inner needs?**

Motivation: Education, Empowerment, Targets, Rewards, and Information

Motivation that endures does not come from short-term external incentives. The strongest form of motivation is self-motivation, and comes from within.

As we discussed earlier, aligning a person's talents with the job is the best place to start. When you educate people about business, you raise awareness and align the employees' perceived benefits with company goals. When people can see real personal benefits that derive from their own actions, they will develop an inner motivation that will create enthusiasm over the long term.

The goal is to develop energy in people to think more like owners. Imagine the level of performance that could be achieved if everyone in the company were challenged to widen their perspective to that of a company owner? I encourage you to read *The Great Game of Business*, by Jack Stack, which introduces a wealth of ideas on how to motivate people to this higher level of thinking and action. Think about it! If you do not offer an education in business strategy that motivates people to soar up to their highest level of thinking, you will not get their highest level of thinking. And if a business strategy education can elevate productivity among the bottom-level employees, it is going to

elevate the top employees', as well. Just think how powerful a company of motivated employees would be, all working toward the same strategic goals.

As Stack suggests, in order to widen people's business perspective, you need to teach them the game of business. If your people don't understand how the game of business is played, they will not have (or develop) the knowledge to make decisions. And if you motivate people to think strategically, you can empower them and involve them in decision-making processes.

Remember, giving people automatic raises and automatic year-end bonuses will not increase performance or widen perspectives; free giveaway programs have destroyed many companies. When everyone understands how to play the game of business and they have a vested financial interest in the outcome, they learn how to earn their raises. The most productive way to run a business is to share financial success and give everyone a piece of the financial outcome.

This philosophy gives employees an attitude of ownership. An attitude of ownership gives them the rewarding feelings that everyone needs, especially when they understand that they are contributing to the success of the company and making a difference. Giving people the knowledge and understanding of how to play the game allows them to motivate themselves and create a desire to win.

Successfully motivating people from various departments (sales, production, office, delivery, etc.) to work toward common goals such as increased sales, growth targets, expense budgets, and company profits will be a challenge. In order to be successful, you will need to educate your employees, empower them by getting as many employees as possible involved in the planning process, develop a set of financial numbers as targets, develop a reward program that ties into the target numbers, and establish communication standards that keep everyone well informed.

Step 1: Education

Keeping people in the dark accomplishes nothing. The more information you share with people, the more successful they will be, and the more successful your company will be.

Since the game of business is all about numbers, one of the things your education has to include is basic accounting. If people do not understand the numbers, they will not care about them and they will certainly not be motivated to act to improve them.

Start with teaching people the basics of a profit and loss statement, gross margins, and the difference between variable and fixed expenses. Teach them about the balance sheet items they can affect and how changes in accounts like short-term debt and accounts receivable can affect financial performance. Educate people about what the company does to generate income. Include what key actions have to happen for the company to be profitable in selling and delivering the product or services. Help them see how their personal role fits into that larger picture of the company and how their personal actions affect the desired company outcomes. What does it mean for them to be

personally successful in their role?

To be effective, most of this information has to be explained using numbers. If you have never sat down with an employee and explained to them the numbers on your financial statement and how his actions affect these numbers, you have never witnessed a light-bulb moment. Employees will never really get it until you have educated them on your financial statements and they truly understand what actions they have to take to create bottom line growth.

Win at Biz Scorecard

Do you elevate your employees' thinking by educating them on the numbers and how they can affect them?

Step 2: Empowerment through Involvement

It is important to empower employees by placing responsibility and ownership back into their hands. The workers will adopt an ownership attitude when you use monthly meetings for dispensing information and allowing the employees to be part of the planning process.

Remember, you will be more successful motivating people to work toward common financial targets when the goals are their own ideas. Let them decide what paths will improve production and by how much they can increase it. Let them decide how much they can increase sales or gross margins and where to set the next quarter's targets for bonuses. Let them set the budgets for the expense accounts. Let the employees correct problems that affect customer satisfaction and profitability. Consider implementing Six Sigma as a business process, as discussed in Book 4 of the Win at Biz Series, *Develop Efficient Business Processes*). (Six Sigma is a process that engages the employees to improve the efficiencies of all their business processes to achieve complete customer satisfaction and maximum profitability.)

It is this freedom of creative thought, sense of responsibility, and empowerment that generates rewarding feelings and superior performance. Once you empower people by putting decisions, financial responsibility, and accountability into their hands, you will create a winning attitude.

Win at Biz Scorecard

Do you create an atmosphere of ownership by placing planning and decision-making responsibility with the employees?

Step 3: Targets

Every company has a critical number that must be met to ensure a profit. Determine yours. For example, if you are a production-based company, maybe it's the number of widgets every person on the production line needs to assemble in an eight-hour shift. For a service business, maybe it's the amount of billable revenue every truck in the fleet needs to produce every day, or the number of billable hours tallied each day for an accounting or law firm. Or perhaps for the direct marketing department of a mortgage company or real estate brokerage firm, the critical number is the number of leads generated every week. For a retail business it may be a monthly sales target at a specific gross profit percentage. Every individual in the company needs to understand the critical number, why it is important to the company, and how he or she affects that number.

Once the company knows its target, the individual needs one, too. Whenever it is possible to calculate such a number, each person needs some type of target number that measures his or her personal performance and how that number contributes to the company's targets. The target number should be easy to understand, even though it will vary with different departments. The sales department will obviously have different target numbers from the production department's. The employee needs to understand the importance of how that number affects the company's profitability, how to achieve the target number, and be in control of production outcomes that account for achieving it.

As an example, in a parcel delivery branch, let's assume they operate twenty service vehicles. We will assume a revenue target of $1,000,000; at that amount of revenue lets assume they can cover all of their expenses and realize a seven percent net operating profit. One million dollars divided by twenty service vehicles equals $50,000. Fifty thousand dollars in revenue per service vehicle divided by 52 weeks equals $960. In this example, each delivery service person will have a target number of $960 of billable revenue to produce each week.

It is important to meet with each employee in private at least once every quarter to review personal performance. It helps to be able to measure as many job-related outcomes as possible. Incorporate the best outcomes delivered by your best employees for any particular job as the standard goal for everyone. By adopting the best-measured outcomes as the standard, it raises the bar for everyone in that same position to a realistic but challenging goal. As always, be sure to let the meeting elicit creative thinking by the employee so it is a rewarding experience, one of self-learning and self-discovery. Personalized meetings are also an excellent opportunity to offer coaching—often an employee needs help being successful at accomplishing his or her goals. Celebrate every personal best with them and hand out plenty of positive recognition. Always remember that people will stop caring when their accomplishments are ignored.

Finally, unite the company and individual targets for everyone to see. Can you imagine what happens to the level of thinking when an employee is given a target number to achieve and he understands both what the number means and how his actions affect the company's financial targets? Imagine the impact on thinking and actions when the

employee understands that by achieving individual numbers, he or she is positively affecting the success of the company. When a person is in control of achieving the number and is financially rewarded for desired results, he or she will care more and be self-motivated to achieve a higher level of performance.

Win at Biz Scorecard

- **What is your company's critical number?**
- **Do you raise the level of thinking and productivity by establishing target number of achievement whenever it is possible?**
- **Do your employees understand how the target number affects profitability, and do they have control over achieving it?**

Step 4: Rewards

In order for financial incentives to be effective motivation, they must be structured properly. These seven guidelines will help you establishing a profitable financial rewards program.

1. Bonuses should be paid as a percentage of an employee's salary. Paying bonuses as a percentage rather than a flat amount pays people according to their financial importance to the company.

2. Tie bonuses to performance. Factor in the standard target numbers, individual targets, and growth of company profits.

3. The bonus percentage to be paid on the employee's salary must be predetermined. In order for the program to be effective, the target numbers and bonus percentage payout need to be specific and established at the outset of the program. There can never be any secrets or year-end gifts.

4. Rather than having one target goal, there should be a range of target goals. Each target should have a corresponding bonus percentage to be applied to the employee's salary. Obviously, the bigger the target goal achieved, the higher the bonus percentage payout.

5. Everyone must understand the bonus payout program and be able to successfully evaluate what is in it for them. Remember, the real world of supply and demand economics only financially rewards people for financial results, not effort. Profit growth is the only number that counts in the real world of business. Without it, there cannot be any bonus program that is economical for company.

6. Bonuses are more effective if you pay them out more often. Quarterly is just about right. If employees do not see the positive or negative financial results of their actions at least every three months, they will lose interest, and motivation efforts will fail.

7. In order to build a company that has the power and dynamic of a group of owners, it is best if everyone in the company participates in some type of bonus program.

There are many creative variations on these financial incentive programs. The good ones expand employees' perspective and productivity together. For instance, employer contributions to a 401(k) plan may be used as a reward system. Many companies establish one set of financial targets and bonus payouts for their key employees or managers while motivating the other employees with financial incentives tied to their standard individual numbers.

For many companies, an ESOP (employee stock ownership plan) may be a good way to offer incentives that get employees thinking like owners. ESOPs are most commonly used by owners of closely held corporations who wish to create a market among employees for shares of the company. ESOP plans offer opportunities for tax-free financing to fund the purchase of the owner's stock. The plans decrease the employees' tax liability and increase cash flow for the company, allowing it to acquire new assets or reduce debt. ESOPs also make great rewards when you give company stock to employees as part of a tax-deferred retirement benefit. Consult your attorney to see if an ESOP is a good choice for your company and employees.

Win at Biz Scorecard

Do you have an effective bonus program with specific financial targets in place that motivates everyone in the company towards common goals?

Step 5: Information

People need to know how the company is doing financially. Are the critical numbers being met? Is the company hitting its target profits? Supply continuing education about how to evaluate the numbers and how they affect employees—it is imperative.

Employees should keep their own scorecards to keep track of how they are doing relative to achieving their own standard targets. Employees will always be more focused on what is in it for them; therefore, they need to know how they are doing on the performance scale for quarterly bonuses. The goal is to share information with the employees as often as possible. You cannot motivate people to perform if you keep them in the dark. To be motivated to win, employees have to be well informed.

Win at Biz Scorecard

Do you keep employees well informed on a monthly basis?

In conclusion, a company of people educated about the numbers, who are part of the planning and decision-making process to establish specific targets, who are kept informed on a monthly basis and are rewarded financially for achieving profit targets, will work as a team toward motivating profit.

Win at Biz Checklist

✔ **Do you build a team of people who posses the right talents for each position and enjoy what they are doing more than anything else?** ☐ Yes ☐ No

✔ **Do you determine which people do not possess the right talents for a role and move them to another position where their talents are better matched or move them out completely?** ☐ Yes ☐ No

✔ **Do you praise your employees often and utilize recognition programs to motivate them?** ☐ Yes ☐ No

✔ **Do you create an enthusiastic and fun work environment?** ☐ Yes ☐ No

✔ **Do you use positive motivational language skills every time you speak to an employee?** ☐ Yes ☐ No

✔ **Do you hold personalized coaching meetings, allowing the individual to experience self-discovery by encouraging learning and creative thought?** ☐ Yes ☐ No

✔ **Do you satisfy the inner needs and unasked questions that arise in employees?** ☐ Yes ☐ No

✔ **Have you educated your employees about the critical numbers that drive the success of the financial statements?** ☐ Yes ☐ No

✔ **Have you determined your company's critical number?** ☐ Yes ☐ No

✔ **Do employees and departments have target numbers for profitability of billable hours?** ☐ Yes ☐ No

✔ **Have you established specific bonus payouts tied to achieving specific target numbers? Do all the employees understand the program?** ☐ Yes ☐ No

✔ **Do you meet monthly to keep people informed relative to progress toward the target numbers?** ☐ Yes ☐ No

✔ **Do you empower your people by getting them involved in the planning and decision making process regarding new financial targets and other factors that affect profitability?** ☐ Yes ☐ No

About the Author
David Gabbert

Entrepreneur, business mentor and growth coach, David Gabbert helps business professionals, business owners, new startups, and students learn how to win at business. Self employed for forty-seven years, founder and owner of four million-dollar-plus businesses, and author of ten Win at Biz® business books, Dave offers free business articles about a variety of proven business strategies which compose the basic building blocks of starting and operating a successful business.

Free monthly e-zine subscriptions are available: www.davidgabbertbusinesscoach.com

We welcome your comments and questions: david@winatbiznow.com

Win at Biz E-book and Workbook Series

Book 1: Build a Successful Business Model
Book 2: Develop Successful Marketing Strategies
Book 3: Initiate Effective Financial Management Tools
Book 4: Develop Efficient Business Processes
Book 5: Hire the Right People
Book 6: Train for Productivity
Book 7: Motivate Your Employees
Book 8: Build a Successful Sales Organization
Book 9: Develop Effective Speaking and Listening Skills
Book 10: Develop Successful Leadership Skills

Bonus Materials

Free with your Purchase of Book 1

- "If I Knew Then...": Case Studies That Could Save Your Business
  - ✔ Developed from interviews with entrepreneurs who have founded businesses in the real world

Free with any Purchase

- A Calendar of Successful Thoughts

- Plus your Action Step Workbook, included with every e-book!