

# 9 Tips for Motivating

Your Employees



THE ALTERNATIVE BOARD®



How engaged are your company's employees? It's a question business owners should ask themselves on a regular basis. After all, employee engagement — both on the individual and the team level — [has been linked](#) by Gallup to business outcomes like customer loyalty and profitability. In other words, it literally pays for businesses to have engaged employees.

Unfortunately, other data from Gallup is more sobering. The most recent reports on workplace satisfaction and employee engagement show that although engagement has seen an uptick in recent years, [approximately two-thirds of employees](#) still fall into the categories of “not engaged” or “actively disengaged.” This creates an enormous challenge for employers, with very tangible costs: Gallup believes the yearly cost of disengagement is \$450-550 billion in the U.S. alone.

Motivated employees are one of the biggest assets a business can have — whether you're running a retail business where customers have regular contact with entry-level employees or a manufacturing facility that relies on the timeliness and accuracy of a skilled workforce. How can employers motivate employees consistently and effectively?

In this paper, The Alternative Board® (TAB) will look at the science behind what motivates people in general and discuss strategies for designing a successful program of extrinsic incentives alongside a strong company culture that fosters intrinsic motivation.

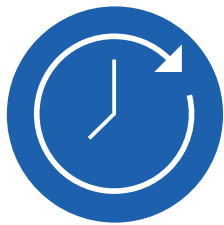
## How are We Motivated? Intrinsic vs. Extrinsic

Behavioural scientists who study what make humans tick point to two types of motivators: intrinsic and extrinsic. Intrinsic motivators come from internal factors; extrinsic, or external, motivators come in the form of rewards or disciplinary actions. Many employee motivation programs are built around extrinsic motivators — either rewards like bonuses, employee recognition and commission or consequences like poor reviews or job loss. These extrinsic motivators may get the job done, but research suggests that intrinsic motivations more powerfully engage employees.

In his book *Drive: The Surprising Truth About What Motivates Us*, Daniel Pink points to scientific studies on motivation to make his case that the “carrot and stick” approach only works in limited cases. For simple, straightforward tasks, traditional rewards can be used to get better performance out of employees. But for any task involving more than the most basic cognitive challenge, the “carrot and stick” approach can actually lead to worse performance.

Pay is important, Pink argues, but once workers are compensated fairly, intrinsic motivation is much more powerful. This has been demonstrated in employee surveys, as well. In their [2016 Future of Work survey](#), Adobe found that while 88% of U.S. workers come to work in order to support themselves and their families, 60% were also motivated by a desire to be recognised and successful, and 51% were motivated by a desire to make an impact on their society or community. (These last numbers were higher for millennials: 68% and 58% respectively.)

The most telling statistic out of the Adobe survey is this: If given the choice,

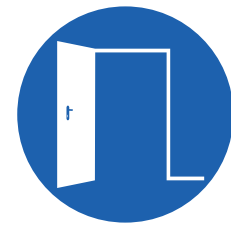


**76% of U.S. office workers**

would rather work long hours doing work they love than shorter hours doing work they don't enjoy.



**47% would leave their current job for their “ideal job,” even if it offered less pay.**



**52% of millennials would leave their current job for their “ideal job,” even if it offered less pay.**

The finding that internal motivations are more powerful than external ones also shows up in surveys done by TAB. According to our recent Business Pulse survey, 44% of business owners believe that offering their employees more trust is one of the most effective ways to motivate them, while 24% believed employees were motivated by more transparency, 21% by more control and only 11% by incentives.

This isn't to say that intrinsic motivations are better than extrinsic ones — every human being is motivated by a combination of both, and some jobs, like sales, lend themselves more toward extrinsic rewards. As a business owner, it's important to evaluate all the different roles within your company and understand which motivations will work best for which role.

## Doing the Right Thing

Alcoa Power and Propulsion had a long history as a great local employer, but when a period of economic downturn brought about layoffs and leadership changes, employee goodwill began to suffer.

HR Manager Cindy Penney knew she had to rebuild the company's rapport with its employees from the ground up. Along with introducing development programs to help managers improve their leadership styles, Penney also introduced community initiatives and wellness programs to give back to employees. “Engagement to us is all about doing the right things for the people who work for us,” [Penney told Leading Edge](#).

That tactic not only won Alcoa Power and Propulsion the CIPD People Management 'best employee engagement initiative' Award, it also brought impressive ROI. Staff turnover was 1% in 2013, — down from 22% in 2010. On-time delivery increased from 46.7% in 2009 to 96% in 2013, and productivity was on a 10% year-over-year upswing.

Cindy Penney  
HR Manager, Alcoa Power and Propulsion  
Exeter, United Kingdom



# Extrinsic Motivations: Encouraging Specific Behaviours

Let's begin by looking at extrinsic motivations. The most well-known form of external motivation in a business is money: Employers offer yearly raises linked to performance reviews, bonuses linked to successful project completion or annual growth and commission to incentivise sales-based roles.

## Extrinsic motivators include things like:

- Employee-of-the-month award
- Recognition via company channels
- Contests
- Stock options
- Commission
- Benefits package
- Bonuses and raises
- Richer opportunities
- Organised activities
- Company parties

Extrinsic motivation isn't just about working for a reward. It's also about avoiding a consequence. For example, while many employees will show up for work because they enjoy their job, the knowledge that they will get fired if they don't is certainly a powerful motivator. Similarly, the fear of a bad annual review or even looking bad in the eyes of your peers for not completing an assignment can be powerful extrinsic motivators.

Extrinsic motivators can be extremely useful in encouraging a specific behaviour within the job, like punctuality or to encourage employees to meet specific goals.

# Incentive programs

An incentive program can be a powerful way to externally motivate employees — particularly when it comes to quota-based roles like sales. Incentives are also helpful for promoting specific behaviours.

To create a strong incentive program, think in layers. Each layer of employees within your organisation — from entry-level through supervisors, management and department heads — has specific deliverables and should have customised incentive plans.

- 1** The bottom rung of employees should be incentivised based on productivity measures, which are generally included in their job description.
- 2** Supervisors should be incentivised based on how well the entire group underneath them performs.
- 3** Managers will probably require a custom plan, based on group performance and profitability.
- 4** Department heads and other high-level employees will probably require even more customisation to their plan, to help tie their performance and rewards to the health of the company.

Incentive programs aren't a set-it-and-forget-it strategy. If the bonuses become easy to achieve, employees will begin to see them as an entitlement. Don't let your incentive program go stale — reform it regularly to meet your company's current goals and challenges.

## Calibrating Incentive Plans

Coming up with the right incentive plan to motivate your team can be tough, which is why it helps to seek out advice from other business owners.

John Hart, owner of leadership consulting firm JE Hart and Associates, suggests that bonus programs deliver at least 10% of salary potential in order to truly motivate employees. “The potential earnings for any individual employee has to be great enough that they are willing to do what it takes to earn it,” he says.

John Hart  
Owner, JE Hart and Associates  
TAB Member since 2010

Keep that guideline in mind, but also understand that each of your employees may be motivated by different incentives, says Quentin Baker, CEO of Baker Engineering & Risk Construction. Some may be motivated by individual rewards, others by something a team achieves together. “We set both individual and team goals,” says Baker. “The entire team must accomplish its goal to be eligible for incentives, but they are apportioned according to each individual's performance.”

Quentin Baker  
CEO, Baker Engineering and Risk Construction  
TAB Member since 2004



# INTRINSIC MOTIVATIONS: BUILDING A CULTURE OF ENGAGEMENT

There is no single strategy when it comes to instilling intrinsic motivation in your employees — it is derived naturally from factors like personality, management styles and coworker relationships. However, the one common thread between companies that are successful in fostering intrinsic motivation is that they have a strong company culture that supports its employees and recognises their contributions. Here are the foundational elements.

## Create an Ownership Mindset

Intrinsically motivated employees tend to have a sense of ownership over their roles in your organisation. They feel valued, have some autonomy, are supported through regular training and have been given tools to do work that contributes to the success of the organisation. Showing employees that they are a valuable part of the team will help give them a sense of personal pride in their work.

### Just a Shift to the Right

While I host team meetings every week, they were devolving into me talking and the employees barely listening; there was no real involvement or interaction.

**“My coach suggested I move the location of the meetings from the ‘bullpen’ to the sofa where it’s relaxed and folks could put up their feet on the table. That had an immediate impact.”**

Putting my employees in another environment — away from their desks, with us all sitting around the sofa or floor with a box of donuts — gave them a sense of ease. They started giving me the kind of feedback that was useful, and they listened to each others’ perspectives. This added a new level of understanding about how they all contribute to each other’s daily success.

Josh Glas  
CEO, PhiGem Parts  
TAB Member since 2010

## Offer Productive Feedback

Employees begin to lose motivation when they feel like they are working in a vacuum. Offering regular, productive feedback through one-on-one meetings and mentoring programs is a powerful way to reinforce good work habits and to demonstrate that you care about the person doing the job as much as you care about the work itself.

Recognising employees for exemplary work is another form of productive feedback. No one wants to work at a thankless job. An employee who never feels recognised for their contributions will eventually start to lose their motivation.

## Invest in Training

A good training program increases employee confidence, which in turn increases motivation. When employees know that they have been equipped to do their job as well as possible, they'll have greater faith in their own abilities — and in their employer.

A range of new technologies has increased options for employers. Instructor led trainings are still popular, but e-learning options can sometimes save companies money and offer a more personalised learning experience. The most successful companies are investing not only in on-the-job training to help employees succeed in their current roles, they're also thinking about ways to help employees succeed in the long term. All but six out of the top 50 in the Forbes' Best Companies to Work For list for 2016 offered some form of tuition reimbursement program.

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## Training for Success

In the property management industry, it's common practice to toss new hires in the deep end and let them learn as they go — and things were no different at Metro Property Management. Until, that is, a new hire told owner Leah Calnan that she was quitting after only 12 months, and she would only come back if training was offered.

Calnan realised she needed to invest as much into developing her staff as she did developing her customer base. “The mentality of most real estate directors is sink or swim, and they wonder why there’s a constant churn in property management staff,” [she told Business Victoria.](#)

Instead, Metro Property Management now sends new hires through a 12-week training program that shows them the ropes and helps them evaluate their strengths and weaknesses. “The more you train your staff, the longer they stay, and the better they are for your business,” says Calnan.

Leah Calnan  
Owner, Metro Property Management  
Melbourne, Australia

## Improve Your Employees

Investing in your employees’ professional development can be highly motivating says the TAB Denver West Board. Particularly when you understand your employees’ career goals and are helping them succeed.

The board has some suggestions to offer:



**Send them to in-person trainings**



**Make online classes available to them**



**Start a company “library” with books, trade magazines and audio**



**Forward key articles and other info pertinent to their development**

You don’t have to spend a lot to get a lot in return. Employees will appreciate your effort, and this will go far in making them more loyal to you and your company.

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## Have a Clear Vision for the Future

People are intrinsically motivated by having a sense of purpose — do your employees know theirs? Do they know where your company is headed and how their role contributes to that future? If you can unite employees around a shared vision, it will give them something to work for.

Having a clear vision for the future isn’t only important at the team level — it’s also critical to the individual. Even the most motivated employee won’t stick around if there is nowhere for them to grow their career within your company.



## Communication is Key

Periods of economic downturn can put incredible stress on the relationship between employees and their employers — especially if there's not a culture of communication. Denny Dotson, CEO of Dotson Iron Castings, found that out the hard way during a collapse of the agricultural and energy markets in the 80s.

With sales at 20% of what they had been the year before, the only way the company saw to survive was through wage cuts. The plan was met with skepticism, and the charge that the company wasn't being transparent.

As Dotson relates [in a lecture to the American Foundry Society](#), management began weekly communications with the rest of the staff, which got everyone on board with the drastic measures the company would have to take.

Twenty years of consistent profit later, communication is still key, says Dotson. “We tried many different approaches to communication over the years and many different incentive and strategy plans,” he writes. “Gradually, we evolved to using the Dotson Philosophy, which is a one-page summary of what we are, where we are going and how we are going to get there.”

Denny Dotson  
Owner, Dotson Iron Castings  
Mankato, Minnesota



## Build Strong Teams

Socialisation is an important part of what helps keep people motivated. When people are friendly with their coworkers and feel some camaraderie with them outside of work, they're more likely to feel satisfied with their jobs. In fact, [Gallup found](#) that close work friendships boost employee satisfaction by 50%. Plus, people who reported having a best friend at work were seven times more likely to be fully engaged.

Fostering relationships doesn't have to require extensive team-building retreats. Instead, create a work environment that encourages people to get to know each other outside of work conversations. Parties, group activities, casual lunches and other gatherings help build bonds between team members which makes work feel more like a team effort.

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## Invest in Employee Wellness

Many companies are turning to wellness perks as a way to show that they care about their employees. While the monetary ROI of wellness programs can be difficult to quantify, RAND Corporation [released a recent study](#) looking at 10 years of data from a Fortune 100 employer. The study found that initiatives aimed at short-term goals like disease reduction had an ROI of \$3.80. Initiatives aimed at long-term goals, like stopping smoking, had an ROI of only \$0.50.

The study found significant reduction in absenteeism as a result of the wellness program. This indicates that companies should be thoughtful about their spending, concentrating on more concrete goals and being thoughtful about costs. Of course, many benefits of employee wellness programs are harder to quantify than absenteeism — like productivity, retention and consumer goodwill.

### What Really Motivates Your Staff?

“Ask your staff to let you know, specifically, what aspect of what they do feels the most rewarding,” says Leyla Pinarli of ClaimFox. You can then use this information to help motivate them to a higher level of performance and help them achieve even higher levels of job satisfaction.

Leyla Pinarli  
CEO, ClaimFox, Inc.  
TAB Member since 2016

## Strong Engagement Builds Strong Companies

The old adage goes that a chain is only as strong as its weakest link, and that is certainly true when it comes to building strong companies. Each employee is a link in the chain — from the entry-level customer service representative to the CEO. When employees aren't engaged in their jobs, productivity levels, accuracy and customer satisfaction all take a dip.

Worse, disengagement is contagious. Happily engaged employees who see their coworkers skate by without having their lack of engagement addressed by management will soon begin to question their own commitment to the job.

Don't let your company culture become one of apathy and distrust — take steps today to make sure your employees know they are valued, their work matters and they are part of the team. A thoughtful employee incentive program backed by a strong culture of intrinsic motivation will be a boon to your company's success.

## Is TAB for You?

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