



Destination: Work

Thriving in a Tough Economy by Tapping Into
the *Discretionary Effort* of Your Employees

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Has your company's bottom line taken a serious hit because of today's lousy economic climate? Has your company tried to fix the situation by undergoing a round or two of layoffs, only to see your productivity plummet because of reduced morale and your better performing employees jumping ship to other companies or surfing the internet for job postings on your time? If so, would you like to turn your situation around instantly—as in overnight? If you think something like this is impossible, think again. The secret for turning things around is to tap into the *discretionary effort* of your employees—get them excited about coming to work and applying every bit of energy, creativity and passion they have toward performing their jobs instead of doing only what they have to do to in order to stay employed.

How important is discretionary effort to the success of a business? Towers Perrin looked at 50 global companies over a 12 month period and found a direct relationship between discretionary effort and company performance. They found that the companies that received high levels of discretionary effort from their employees had a 19 percent increase in operating income and nearly a 28 percent increase in earnings per share. On the other hand, the companies that received low levels of discretionary effort from their employees saw operating income drop more than 32 percent and earnings per share fall more than 11 percent. These are big numbers. Now imagine the impact on the success of your team, department, or company if you were able to get more discretionary effort from your employees—especially during these difficult economic times.

In order to tap into their discretionary effort, you have to understand that people intentionally regulate the amount of effort (energy, creativity and passion) they put into their jobs based upon how they feel they're being treated. If they feel they're being treated well, they will become excited about giving their absolute best effort, which means they'll work way beyond their job descriptions. If they feel their efforts are unappreciated they'll pull back and do only what they have to do to keep their jobs. And, if they feel they're being abused, they'll either find some clever and costly way to get even or they'll look for a job somewhere else. In other words, the better you treat people, the harder they'll work—it doesn't get any more straight-forward than that.

When it comes to tapping into discretionary effort, the biggest obstacle we face is that most of the management systems in place today don't motivate people to give their absolute best at work. Instead, they demotivate—big time! To illustrate this point, let's look at the most widely used management system in existence today—Management By The Numbers. It's also referred to as Management By Command and Control. It works like this:

- Communicate clearly the performance numbers (things like the level of customer satisfaction, amount of sales, level of productivity, size of market share and level of profitability) that managers and front line employees are expected to achieve.
- Let them know what consequences will happen to them if they don't.
- Monitor actual performance numbers to make sure they compare favorably to expectations.
- If they don't, follow through with the consequences—i.e., get out there and kick some butt.

The problem with Management By The Numbers is that it flat out doesn't work for two very important reasons. First, it focuses solely on performance numbers (which are the *measures* of a business's success) and completely ignores the *cause* of that success (which is the level of effort from the employees who do the work). Now, how dumb is that? What's even dumber is that we've been doing this for the last 150 years, and we've never once questioned the practice! Managing a business by focusing solely on performance numbers makes about as much sense as trying to coach a football team by focusing only on the scoreboard. The problem with doing so is that the scoreboard isn't going to score any points for you; it only keeps track of them. It's the people on the field who score the points, and that's where the attention needs to be focused.

Now, does this mean we should focus our attention solely on the people and ignore performance numbers? Not completely, but almost. If you watch any successful football coach, you'll notice that he regularly glances at the scoreboard to stay apprised of the current game situation, but he doesn't stare at it the whole game through! The overwhelming majority of his attention is focused on getting the best efforts out of his players—the people who do the work necessary to score the points. The same holds true when it comes to running a successful business—the overwhelming majority of attention should be focused on the people who do the work because it's their level of effort that determines the success of a business. What's there not to get here?

The second reason Management By The Numbers doesn't work is that it uses *fear* as a motivator—it assumes that you can *control* the amount of effort people put into their jobs by threatening them with negative consequences. Is this barbaric or what? The problem is that fear doesn't bring out the best in people; it brings out the *worst*. It creates emotional stress and resentment amongst employees, both of which lead to increased turnover, absenteeism, theft and sabotage, as well as greatly reduced loyalty and productivity. Guess what kind of an impact this has had on American businesses over the years? In their book, *The Invisible Employee*, Adrian Gostick and Chester Elton estimate the annual cost of employee turnover alone to be 1.7 trillion dollars!

For a compelling example of how Management By The Numbers doesn't work, all you have to do is look at the American Auto Industry. Management By The Numbers is the only management system that General Motors, Ford and Chrysler have ever known. Since day one, they focused only on performance numbers and basically ignored the people who did the work that drove those numbers—and it finally caught up with them. What's interesting is that the Japanese automakers saw this demise coming nearly 30 years ago. In 1980, *Fortune* reported an executive vice president of Honda as saying, "When Detroit changes its management style (the way it manages its employees), we'll see more formidable American competitors." Since that time, Detroit has changed the way it builds cars, but they still try to control the performance of their employees through the use of fear and intimidation.

The lesson here is that nothing good comes from Management By The Numbers, so why not do away with it once and for all? The challenge then becomes: what do we replace it with? How do we design a management system that gets people excited about coming to work every single day and applying their best efforts toward performing their jobs?

[T]he better you treat people, the harder they'll work—it doesn't get any more straightforward than that.

Before we talk about designing a better system for managing people, it's helpful to take a look at how systems are designed in the field of engineering. Engineers understand that nature is very predictable and behaves in accordance with a set of natural laws called "the laws of nature." For example, if you toss an object into the air, it very predictably comes back down. In fact, there's even a formula to calculate how fast the object will come back down.

The first thing engineers do *before* they try to design any kind of system is to make sure they understand all the laws of nature that apply to what it is they're trying to design. Then, as they design their system, they respect those laws and make sure that they capitalize on them. For example, let's say we're going to design a ditch to direct the flow of water from point A to point B. If we want to be successful, we do it with the understanding that water flows down hill—we would never expect it to flow otherwise. So, we dig our ditch such that it flows down hill all the way from point A to point B. When we finish it and open the floodgates, guess what? The water automatically flows to point B without our having to do any prodding, motivating or cajoling.

It's the people on the field who score the points, and that's where the attention needs to be focused.

The same kind of logic holds true when it comes to designing a system for managing people. People are very predictable and behave in accordance with a set of natural laws called “human nature.” For example, what happens if employees work hard and nobody cares? The answer is: they stop working hard. Pretty predictable, isn’t it? What happens if employees see an impending change as threatening? The answer is: they resist it. As you can see, understanding human nature is not exactly rocket science. Finally, what happens when an employee feels seriously wronged or abused by his or her boss? The answer is: they either leave or they get even. Once again, people are very predictable.

Unfortunately, here’s where the whole process breaks down. Instead of trying to understand human nature, respecting it and making sure we capitalize on it; most of the management systems we’ve developed over the years are in direct violation of human nature. We try to get people to behave the way we want them to without any concern whatsoever for meeting *their* needs. Then, when these systems don’t work, we blame the employees for being stupid, lazy or uncooperative. The problem isn’t the employees; it’s a poorly designed management system. Management By The Numbers is an example of a *very* poorly designed management system.

For some insight on what a better management system looks like, let’s take a look at Southwest Airlines—a company that does things right. It has earned a profit every year since 1973 and its workforce is the most loyal and productive in the industry. The secret to Southwest’s amazing success is that it has succeeded in designing a management system that understands human nature, respects it and capitalizes on it.

For some insight as to how Southwest does things, let's take a peek at its culture:

- At Southwest, front line employees come first, not customers or senior management. When the legendary Herb Kelleher was CEO, his senior level managers would often say that it was easier for a flight attendant, a baggage handler or a pilot to get in to see him than it was for them. His response always went something like, "That's because they're more important than you are." Why? Because they do the work that the company gets paid for.
- Southwest employees are treated as "family members." This means that nobody working at the company is better than anyone else, regardless of their position.
- Southwest believes that the better you treat people, the better they'll perform. All you have to do is fly Southwest to see this in action.
- Southwest walks the talk when it says, "People are our most important asset." Managers at all levels at Southwest understand that their job is to support front line employees and not vice-versa.

What Southwest has succeeded in doing is turning work into a *destination*—a place that people look forward to coming every day; a place where they feel appreciated and cared for; a *fun* place where people come to get their batteries recharged. They've created the kind of workplace where people wake up in the morning and say, "Wow! I get to go to work today; lucky me!" In return, the employees of Southwest have become the most loyal and productive in the industry. Who wouldn't get excited about working hard for a company like that?

So, how do you go about turning your work situation into a place like Southwest Airlines? The answer is: by embracing a program called *Destination: Work*. This program is the centerpiece of our new book, titled: *Instant Turnaround! Getting People Excited about Coming to Work and Working Hard*. The steps necessary for implementing this program are presented below.

Step One: Focus on People as Well as Performance Numbers

Whether you're a team leader, supervisor, manager or executive, if you expect to get people excited about coming to work and working hard, you have to understand that people come to work motivated to satisfy *their* needs, not yours—this is a fact of life, and no matter how hard you try or how much money you spend, you can't change it. So, don't waste your time trying—capitalize on it! All you have to do is see to it that those needs are met, and your employees will work their tails off for you. It doesn't get any easier than that.

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Let's use a cat example to illustrate. Everyone knows that you can't herd cats because they're stubborn and independent. Picture yourself in a bedroom at the far end of your house with three cats lying on the bed. Your job is to herd them into the kitchen at the other end of your house. How successful do you think you'd be? Unless they're dead and you've got a broom, you'd be wasting your time.

Now, picture yourself standing in the kitchen with those same three cats lying on the bed at the other end of the house. This time, however, you're holding a box of cat treats. When you shake the box of cat treats so the cats can hear it, what happens? They immediately run into the kitchen meowing like crazy and start walking in circles around your feet.

Let's examine these two methods of motivation: With the first method (herding), you focused on your needs (getting the cats into the kitchen) instead of the cats'. You were also using *fear* as a motivator because you were trying to *force* the cats into the kitchen. By doing so, you could have put in lots and lots of effort and still not achieved the desired result unless you broke down and carried those cats into the kitchen one at a time. With the second method (shaking the box of cat treats) you focused on the cats' needs. You were also using *trust* as a motivator to *lead* them into the kitchen—those cats knew full well that when they arrived in kitchen, something really good was in store for them. As a result, through almost no effort on your part, you were able to get those same stubborn, independent cats to do *exactly* what you wanted. And what was their attitude when they did exactly what you wanted? They were happy, they were excited, they ran fast and they *loved* you besides.

All you have to do is see to it that those needs are met, and your employees will work their tails off for you. It doesn't get any easier than that.

The same thing holds true for managing people. When you try to motivate them with fear, they'll resist—it's a natural response. On the other hand, when you motivate them with trust by focusing on meeting their needs, you can get them excited about following you just about anywhere. This segues nicely into the second step of our *Destination: Work* program.

Step Two: Motivate with *Trust* Instead of *Fear*

To understand the importance of trust, all you have to do is answer the following question: “Would you get excited about working hard for someone who didn’t care about you and was only out to take advantage you?” Of course not; and neither would anyone else. When people trust their boss, they know that he or she is going to take care of them—they know if they work hard, their boss is going to reciprocate in some meaningful way. As a result, they see it in their best interest to apply their best efforts toward performing their jobs.

There’s only one way possible for you to motivate with trust, and that’s to build personal relationships with the people who work for you. Why *personal* relationships? A quote from *Contented Cows Moove Faster*, written by Bill Catlette and Richard Hadden sums it up nicely: “Work is contractual: effort is personal.” What this means is that a person has to show up at work in order to get paid (that’s contractual), but they’ll only give their best efforts to someone they care about (that’s personal). This means that if you expect to motivate with trust, you have to be willing to jump into the trenches and become directly involved with your employees. You can’t just throw them a bone and walk away.

Fortunately, there’s a management tool that’s been around for decades that makes building personal relationships quite easy. It’s called Management By Wandering Around or MBWA. This is where you regularly circulate among the people who work for you—not looking over their shoulders or pointing out mistakes, but asking their opinion on things, listening to what they have to say and then taking action when necessary. In order to make your wandering around effective, there are four behaviors you need to execute sincerely, consistently and well. We refer to these as The Four Be’s For Motivating With Trust.

Be Real. Be yourself and let the real you shine through. When you're real—open, honest, approachable, humble, respectful and caring—people will respect you, work hard for you and see to it that you are incredibly successful. It's very important that you not come across as someone who is superior to the people who work for you—when you motivate with trust, there is no room for arrogance.

Be Appreciative. People absolutely love to work hard when their efforts are appreciated. The reason is that the need to be appreciated is one of the strongest of all human needs—people crave appreciation almost as much as they crave food. So if you, as a team leader, supervisor, manager or executive make it a point to sincerely thank your employees for the things they've done on your behalf, they'll make it point to give you their best efforts. The lesson here is that you can't say “thank you” too often.

Be Interested. This is all about treating people like they really are your most important resource—after all, it's their level of effort that determines your success. You do this by getting out of your office and getting involved with your employees. Get to know them and let them get to know you. Ask their opinion on things and listen to what they have to say. And make sure you give them your undivided attention when you're listening. Remember, talking is about meeting your needs; listening is about meeting theirs.

Be Nice. Being nice is about being the kind of person that everyone is happy to see come to work. This means smiling and saying or doing something that brightens the day of each person you come into contact with. Being nice is critical because it's what makes people like you, and they have to like you *before* they will trust you. A study recently reported in the *Harvard Business Review* found that being nice—making those around you feel good about themselves—is more important to your success as a manager than how competent you are.

Step Three: Turn Work Into Fun

In an atmosphere of trust, people are free to be themselves and turn their work into fun. Fun is extremely important because it releases energy—thus making it possible for people to work harder. If there's no fun, there's no discretionary effort. When work becomes fun, whatever you're doing never gets old or boring, which means people look forward to coming to work every day—even on Monday. On the other hand, when fun is restricted or prohibited at work, unhealthy and costly symptoms quickly appear—boredom and negativity set in, people become irritable and crabby and the energy level in people goes way down. As a result, people apply far less effort toward performing their jobs and productivity takes a serious hit.

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Step Four: Senior Management Must Become Involved With Front Line Employees

In order for a team leader, supervisor or manager to get the most discretionary effort from his or her employees, it's of paramount importance that the executives and managers above him or her support the effort by embracing *Destination: Work* and executing it with front line employees.

Probably, the biggest single mistake that senior managers make is they don't positively interact with their people on a regular basis. This sends a very clear message that senior management doesn't care about them. Employees respond to this by cutting back on the amount of effort they're willing to apply to their jobs. This not only takes its toll on the performance numbers that senior managers are so preoccupied with, it also makes the job of the subordinate managers that much more difficult.

In addition, senior management's function as role models for managers throughout the organization cannot be overestimated. Team leaders, supervisors and managers take their cues from senior managers. If they see the managers above them positively interacting with front line employees, they are far more likely to do so themselves. On the other hand, if they don't see senior managers positively interacting with front line employees, they eventually conclude that it must not be all that important and stop doing it themselves. When this happens, employees pull back on the amount of effort they're willing to put into their jobs, and productivity suffers.

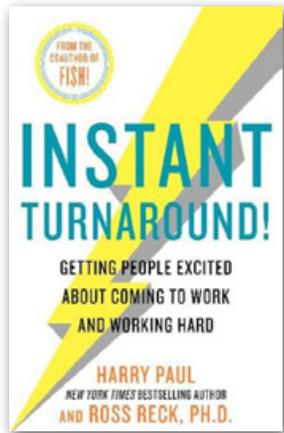
Each year, *BusinessWeek* magazine publishes its ranking of the top providers of customer service. This list includes companies like Nordstrom, USAA, Toyota, JetBlue Airlines, Amazon.com, Ritz-Carlton Hotels, Trader Joe's and Starbuck's. One of the things each of these companies have in common is that their senior management spends lots of time out on the front lines, listening to phone conversations at the call center or working right along-side front line employees delivering the service.

Jack Welch: An example of a CEO who tossed out Management By The Numbers

In 1981, Jack Welch became the youngest chairman and CEO in the history of General Electric. During the first decade of his tenure, he was a “poster child” for Management By The Numbers. He was known as a tough-as-nails executive with brutal candor who pushed managers to perform. During his first five years as CEO, he eliminated more than 100,000 jobs from the payroll, which earned him the nickname “Neutron Jack” in reference to the neutron bomb—he eliminated the people while leaving the buildings intact. In 1991, he shocked the business world by announcing a complete change of heart—he was going to build GE’s future on *mutual trust and respect*. He said in his letter to the stockholders in GE’s 1991 Annual Report, “More and more we’re cutting back on useless titles, and we’re rewarding people based on what they contribute—the quality of their ideas and their ability to implement them rather than on what they *control*. In an environment where we must have every good idea from every man and woman in the organization, we cannot afford management styles that suppress and intimidate.” From that point on, Jack Welch focused on people and insisted on informality. Everyone, from secretaries to chauffeurs to factory workers, called him Jack. And, when they talked, he listened and took notes. In return, they worked their tails off for him. Toward the end of his career as CEO, a television reporter asked him how he spent his time each day. His answer was, “80-85 percent of my time is spent on people issues and the other 15-20 percent is spent on things that really don’t matter.” Jack Welch’s track record speaks for itself. During his tenure as CEO, he took the company from just under \$27 billion in sales to more than \$130 billion, while making it the largest and most valuable company in the world. The lesson here is that his employees made him incredibly successful because they liked him and cared about him. Again, what’s there not to get?

Jack Welch's comments are spot on for succeeding in today's tough economic climate. If you want to thrive rather than merely survive, you have to tap into the discretionary effort of your employees. This means that you have to change the way you manage your people—you can't continue to do what you've always done and expect different results. You have to let go of Management By The Numbers and adopt a management system like *Destination: Work*. If a dyed-in-the-wool, hard-nosed, take no prisoners, win at all costs executive like Jack Welch can do it, it should be a cakewalk for you. 📖

“In an environment where we must have every good idea from every man and woman in the organization, we cannot afford management styles that suppress and intimidate.”— Jack Welch



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Get more details or buy a copy of Paul and Reck's [*Instant Turnaround*](#).

ABOUT THE AUTHORS

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