

Good morning, everybody. Dennis Engelbrecht with The Family Business Institute, Digging Deeper.

Today, I want to talk about incentives and motivation. I saw a video recently, which I'd actually seen a different version of maybe 10 years ago, and it had an impact on me then but I'd kind of forgotten about it. Incentivizing people to work is very difficult. It's difficult to have the right system that works for everybody and hired to have the measurement and have the follow through and make it work so that people are motivated to do the things you want them to do and you don't have unintended consequences. Now, there are some great incentive systems out there in construction that do work well, but we still probably have 60% of the companies that do most of their bonusing really on a judgment basis at the end of the year or the end of a job or the end of a period.

So, think about your incentive systems. For people that are working on the front lines and doing day to day tasks, incentive systems around getting those tasks completed and completed well can work. For most people that are doing more of a cognitive job, say, more of your office people, your project managers, your pre-construction folks, those sorts of folks, it's hard to have the daily measurables and to be incenting on those pieces. And those are situations where direct incentives don't work as well. So, how do you motivate those folks to stay online with the things you want them to accomplish and not have the unintended consequences that come from incentivizing? And what this video brought out to me and reminded me is that what people really want is people want autonomy, mastery, and purpose.

And I think this is particularly true today as our workforce gets younger. More and more of the younger folks want to know the why and what they're doing. They want to be able to work independently without somebody looking over them directly on a day to day basis. And they want to feel good about what they're doing so they want to achieve mastery. They want to know that they're doing well, want to be able to get better, much more interested in training and personal development probably than generations before. So, how do you achieve autonomy, mastery, and purpose in your organization? Well, let's start at the back end.

Purposes kind of the easy one. Make sure people understand the why of the company, and not just the why of the company, but the why that exists in each of the processes and the steps in the things that they have to do. Let's say you instituted a new process in a particular area of the company. Do people understand why they should follow that process, how is it going to save them time, how is it going to keep from making more errors, how is it going to be more efficient and productive? Young people today I find, in particular, really hate things that are redundant and stupid. They hate doing stupid stuff. I'd use a different word, but we can't do that. But among all the things that are demotivating to people, it's doing stupid stuff. Stuff that just doesn't make sense. So, make sure people understand the why of a process and make sure the process is in fact isn't stupid or redundant.

The next thing is autonomy. When you give folks a task and you give them something to do, make sure, first of all, they've understood the why, they understood the process, they know how to get it done. Now, give them some rope and allow them to succeed. Allow them to go off, work together, collaborate, come back with a project, and show their results. And it's okay to give them feedback along the way or at various steps. But in general, people want to be able to go off and produce. And they'll generally produce better if they don't have somebody looking over their shoulder all the time and they're worried about watching their back or covering their butts as it will in doing the things that they're doing.

The final part of it is mastery. People want to know that they're excelling, so help them excel. Give them the training that they need, give them the guidance, the process, all of those things that they need to succeed. All of the tools that they need to succeed. And then at the end, make sure you've rewarded them, not necessarily with money, but with praise, public praise, the attaboys. That really goes a long way. So, two messages here. One is incentive programs can work, but they really work better when the incentive is directly tied to a task. And that works much better where the task is definable.

Where it's not definable, rather than using incentives, provide folks with the autonomy, the mastery, and the purpose. And I think you'll find that you'll get more work done and people will be accountable. Again, Dennis Englebrecht.