



# Executive Action

No. 122 November 2004

*Management Trends. . .*

## Forget the Free Sodas – They Don’t Motivate Anyone

by Francisco Dao

In almost every organization, payroll is the single biggest expense. Since cost indicates value, doesn’t it follow that employees are the organization’s most valuable assets? Not Always. Here are five things managers can do to make employees care.

There’s an old joke that says a corporation is like a tree full of monkeys: The monkeys on the top look down and all they see are smiling faces, while the monkeys on the bottom look up and see nothing but a bunch of asses. It occurs to me that not only is this mostly true—it’s a problem that afflicts management and the experts they hire everywhere.

When you peruse the business section of your local Barnes & Noble, books by Harvard MBAs and retired CEOs fill the shelves, but do these people really know what it’s like to grind through life in the middle of a company waiting for a cost-of-living increase? Or are they so far removed from their employees that their ideas for better management amount to little more than blind and meaningless gestures? Are they so insulated that their ideas for addressing company problems are like saying “Let them eat cake” to the breadless masses?

### HR as a Neglected Resource

I recently came across a Business 2.0 article that talked about a popular course at the Stanford Graduate School of Business nicknamed “Touchy-Feely.” The course, officially called Interpersonal Dynamics, is credited with influencing the careers of such top executives as Sun’s Scott McNealy and Hewlett-Packard’s Ann Livermore. I thought to myself: This is one of the world’s top business schools, and it devotes only one class to the importance of working with others?

**Editors’ Note:** This article first appear in the November / December 2004 edition of The Conference Board magazine *Across The Board*. For more information and additional articles in the current and past issues of *Across The Board* go to [www.acrosstheboardmagazine.com](http://www.acrosstheboardmagazine.com)

How can you have entire concentrations in things like supply-chain management but only one class devoted to dealing with people? Apparently even this single course, more than three decades after its debut, remains such a novel idea that it warranted the recent magazine write-up. This article was another piece of evidence supporting what I've suspected all along: The human resource is the most neglected and poorly managed resource of all.

In almost every organization, payroll is the single biggest expense. Since cost indicates value, doesn't it follow that employees are the organization's most valuable assets? With the possible exception of irreplaceable intellectual property, this must be true—indeed, the employees-as-assets conceit has become a cliché. Yet how much emphasis do companies place on human efficiencies versus the management of operations or materials? How much more productive would we be if people worked to their full potential? How much of an edge would we have on our competition if our guys were even 10 percent better than their guys? The results would be immediate and the advantages incredible. But how do we do it?

The prevailing wisdom on how to create a motivated and productive workplace seems to amount to:

- Free sodas;
- Beer or ice-cream socials every other Friday afternoon; and
- Offsite meetings at which the CEO acts like a cheerleader.

Everybody likes free soda and beer. But if all that these efforts really mean is that you get a sugar rush or beer buzz while grinding out another day locked in your cubicle like a veal calf, they don't do a thing to affect actual morale or productivity.

With regard to the offsite meetings and company cheer, I think the GDP has actually declined since this ridiculousness was first put into use. These perks are

nothing more than window dressing, and every monkey in the tree who doesn't have an unobstructed view of the sky knows they don't do a darn thing to increase either productivity or morale.

## Five Things to Make Employees Care

The real key to productivity lies in passion. If people care about their work, they work harder and smarter—they take pride in their work and in doing it well.

The idea that a passionate employee is a productive employee is not new, but it's more relevant than ever, and most managers are no closer to answering the key questions: How do you create passion? How do you make people care about their work? Certainly not by offering free sodas. As a manager, here are five things that will make your employees care.

- 1 **Be fair.** Recent studies have shown that even monkeys have an innate sense of fairness. Emory University researchers taught capuchin monkeys to swap small stones for food, and usually the monkeys were happy to exchange this “money” for slices of cucumber. But if they saw another monkey getting a more enjoyable food—for instance, a grape—they often took offense. Some refused to continue their participation; others took the cucumber but refused to eat it. Do managers really think their employees are dumber than monkeys? If not, then why do so many managers miss the point and ignore people's innate sense of fairness?

We've all read articles about shareholders angry about excessive CEO pay. While shareholders certainly have the right to be upset, doesn't anyone realize that employees have at least as much interest in the company as does an outside shareholder? You remember Don Carty, the American Airlines CEO who shattered his employees' trust by reserving millions of dollars in perks for executives while asking his workers for massive pay cuts. He was not alone in his arrogance: Glenn Tilton, Carty's counterpart at United Airlines, negotiated for a signing bonus of \$3 million, \$4.5 million in pension benefits,

1.15 million stock options, and \$950,000 in base pay—all while demanding billions in wage concessions from his employees. To the rank and file, these actions are unconscionable. Should it surprise anyone that United has been forced to beg for more government loan guarantees, or that American is still struggling to stave off bankruptcy?

**2 Challenge people with responsibility and opportunity.** We often hear talk of athletes performing up, or down, to the level of their competition. This is known as the Pygmalion effect, or the power of expectations. A manager who can instill employees with high personal expectations can create a powerful “self-fulfilling prophecy” of achievement. In a famous 1969 article, Harvard professor J. Sterling Livingston described a successful manager: “[I]f he is skillful and has high expectations of his subordinates, their self-confidence will grow, their capabilities will develop and their productivity will be high. More often than he realizes, the manager is Pygmalion.”

But how do you challenge employees’ expectations without simply overworking them? Too often managers think piling on the work is the same thing as offering a challenge. If Allen Iverson were forced to play nonstop basketball for ten hours against high-school players, would you expect him to be excited and play his “A game”? Of course not. An easy or tedious job doesn’t become challenging just because there’s more of it. This is no different than saying a dishwasher who washes fifty dishes an hour wants to be challenged with washing one hundred dishes an hour. Wouldn’t the real challenge be for the dishwasher to be given the opportunity to be a waiter or a cook?

I looked up the definition of challenging, and this is what it said: “Challenging: Adj. 1. Calling for full use of one’s abilities or resources in a difficult but stimulating effort.” Notice the word stimulating and the phrase “full use of one’s abilities.” This is what it means to challenge someone, not “work long hours at a tedious

job.” If your people have any ability at all, let them shine. When given an opportunity to prove themselves, most people rise to the occasion. After all, who wants to be a dishwasher all of his life?

**3 Give people authority over their responsibilities.** While this concept should be obvious, there seems to be an epidemic of managers who cannot give up control. On an old episode of *Doogie Howser M.D.*, Doogie, child prodigy and physician at 16, bets his pal Vinnie that he can easily handle Vinnie’s job at a fast-food restaurant. Doogie quickly realizes that his friend’s suffering stems not from the difficulty of the work but from the frustration of being denied the opportunity to think. Doogie quits and loses the bet, and we’re treated to the moral of the story: that there is no position more debilitating than having responsibility without authority.

Would a construction foreman ever take away all the hammers, lock them in his own toolbox, and still expect his crew to build a house? Of course he wouldn’t. Yet every day, thousands of corporate managers insist on taking away the most powerful tool any employee has to offer: the ability to think. A manager may feel he is doing his job by making all the decisions himself, but his inability to delegate decision-making is no different than locking up the tools and expecting the house to get built. Furthermore, it negates the Pygmalion effect by telling employees that they are incapable of thinking and making the right decisions. Nothing destroys morale and creates a CYA culture faster than employees who feel accountable yet powerless to accomplish their goals.

**4 Recognize people for their work.** Each of us has encountered—or even once was—a spoiled teenager who seems to have everything yet acts out and rebels. Does anyone believe that upping her allowance will change her behavior? If you do and you have kids at home, I suggest raising your insurance limits—more rowdiness is on the way. Everyone else realizes what the child needs most is parental attention.

Now, your employees may be adults, but their need for recognition is a human trait that transcends age. Many managers think, “They get paid—that’s recognition enough” or, “We’re all adults—I’m not here to baby-sit.” Not to discount the importance of monetary compensation—or the fact that we are indeed adults—but humans are by nature social animals, and we naturally seek approval from others, especially those we respect. Study after study has proven what pop songs have always claimed: Money can’t buy happiness. In his book *The Pursuit of Happiness: Who Is Happy and Why*, David Myers summarizes: “Wealth is like health: Its utter absence can breed misery, but having it is no guarantee of happiness.”

So what drives our happiness after the mortgage and the car payment are made? Maslow’s hierarchy of needs tells us that after basic physiological and safety needs, the next need is for love, affection, and belonging. Assuming your employees earn enough to live and feel safe, letting them know you appreciate them is the next thing you can do in fulfilling their needs.

**5 Do what you say.** To this day a majority of people consider the O.J. Simpson trial a travesty of justice. Was Johnnie Cochran that good? How could the jury overlook the DNA results? Hundreds of explanations have been put forth about why, how, and who botched the case, but for many the case collapsed the second that detective Mark Fuhrman was revealed as a liar. If you recall, Fuhrman testified he had never used the “n-word,” and the defense exposed this as a blatant lie. How could one man’s lie, barely relevant to the case, overpower a mountain of evidence? There is an old Japanese proverb that says, “The reputation of a thousand years may be determined by the conduct of one hour.” When the veracity of Fuhrman’s testimony became suspect, the entire case became suspect.

Such is the fragile nature of integrity. We live in an uncertain world; don’t let the sincerity of your word be uncertain. At the end of the day, all relationships—business or personal—are built on trust. If you make promises and don’t deliver, how is that different than lying? Recognize that as the boss, your people’s livelihood depends on you. If they feel they can’t trust you, then everything about you, the company, and their jobs becomes suspect.

Consider the view from the middle of the tree. No broad strokes of strategic thinking—just a desire for some plain old respect. A little respect will take your company a lot further than will a free can of pop.

#### About the author

Francisco Dao is a Los Angeles-based consultant and corporate trainer specializing in organizational performance. He can be reached at [frandao@yahoo.com](mailto:frandao@yahoo.com).

#### Learning Opportunities from The Conference Board

##### Senior Human Resources Executive Weekend

January 14-16, 2004

Boca Raton Resort and Club

Boca Raton, Florida

To request an invitation, please contact

Mariellen Sweeney (1) 212 339 0263 or

[mariellen.sweeney@conference-board.org](mailto:mariellen.sweeney@conference-board.org)

##### Extending Your Brand to Employees

The Inter-Continental Hotel, Chicago, IL

Feb. 24-25, 2005

[www.conference-board.org/extendingbrand.htm](http://www.conference-board.org/extendingbrand.htm)

---

The Conference Board, Inc., 845 Third Avenue, New York, NY 10022-6679  
Tel 212 759 0900 Fax 212 980 7014 [www.conference-board.org](http://www.conference-board.org)

Copyright © 2004 by The Conference Board, Inc. All rights reserved.  
Printed in the U.S.A. The Conference Board and the torch logo  
are registered trademarks of The Conference Board, Inc.