

Episode #4 – April 2008 Transcript of Interview with Bob Nelson, PhD

Ballard: Welcome back to the Good Company podcast. Joining us is Dr. Bob Nelson, one of the world's leading authorities on employee motivation and management, and president of Nelson Motivation, Inc., a management training and consulting company. He is also co-founder of Recognition Professionals International and has sold more than three million books on management, motivation, and employee recognition. Dr. Nelson, thanks for joining us today.

Nelson: Thank you. Thanks for having me.

Ballard: Well, as an expert on employee recognition, why is recognition important? Why should employers care about this?

Nelson: Recognition is the number one driver of performance known to mankind. I think that's probably a pretty good reason to take it seriously. Yet, I continue to be surprised and amazed as to how many managers and organizations don't take it seriously, and just treat it as a fluffy concept that maybe is common sense, but is far, far from common practice.

Ballard: So, what kinds of performance outcomes are we talking about?

Nelson: Pretty much anything. Whether it's a core value such as safety or service, teamwork, or an organizational objective -- revenue growth. Whether it's merging a new part of the organization or anything in between, if you want to get a certain type of behavior or performance from others, the absolute best way to do that is to recognize progress towards that goal, or recognize when it's been done in the past. Positive reinforcement is a basic concept, and there's been over 2,000 studies that confirm that whether it's a relationship with your spouse, or your kids, or your employee, or your boss, or a coworker, or neighbor, you will get more of what you reinforce.

I'll give you a quick example from the personal side of things. I've got a son, Danny, who's 17, and I remember when he was five, he came home from school and announced he wanted to take piano lessons. My wife and I were delighted -- we'd never played a musical instrument, and yet we felt that if we told him we'd pay for lessons as long as he practiced, he might say, you know, "Do I have to?" Yeah, that's the deal. If we'd taken that approach, within a short amount of time -- maybe a few weeks, a few months -- he would most likely have come to hate piano. Instead, we decided to reinforce the activity, this intrinsic activity, so that he does more of it and enjoys it. And sure enough, we focused on catching him doing it right. When he chose to practice, we'd say, "Danny, those scales are coming along great and this song, did you pick it out?" Of course, we'd know he did. "Twinkle, Twinkle, Little Star -- get grandma on the phone!" And we made a big deal out of it, and as we did so, he continued to enjoy it, and wanted to do more of it. Within a few weeks he asked if he could take lessons twice a week. And it's just gone from there. He was just accepted to Northwestern University to study music, and all along the way there's been milestones that basically he's made happen from his intrinsic joy of the activity.

Ballard: Looking at the issue of reinforcement -- you've commented in some of your writings that what organizations often are doing is reinforcing endurance rather than performance. So, they're reinforcing the wrong things. How do we make that shift and really start reinforcing what matters?

Nelson: Well, like one of the classics is "years of service," where it's really an endurance award. You know, no one's stayed a day longer in their job to get the 10- or the 15- or the 20-year pin or whatever they might get. So, it's a lot of effort and a lot of money spent on years of service awards. Eight-six percent

of organizations have them today, yet it really doesn't drive anything that's important to the person or the organization. My recommendation would be, stop doing it.

Ballard: So, you've done a lot of research on employee recognition -- how do employees want to be recognized?

Nelson: Well, I've tracked from my research fifty explicit behaviors over time. And I've factored those, or combined like items, into 13 categories. And the strangest thing is that the top nine or ten don't have any costs at all -- that are things that any person in the organization can do with not a lot of effort or a lot of time. You take the number-one category, support and involvement, and from an employee perspective, they want to have information about what's going on. They want to be asked their opinion. They want to be involved in decisions, especially decisions that affect them. And when they do make a mistake, they want to be supported. They want to see if there's a focus on what I learned from it, not what I did wrong.

I can go down the list, you know: autonomy and authority; flexible working hours; learning and development; time with their manager. Praise is actually four different categories: personal; written; electronic; or public. It all comes down to -- if you do these as a manager, you're more likely to be someone that employees want to work for. If you have a good boss, you've got a good job, for most of us today. And you think twice about leaving them and you think more about how you can help them succeed. And that, multiplied a hundred, a thousand, ten thousand times, makes up the culture of any organization.

Ballard: So, we know what employees want, and the things that are at the top of the list don't cost anything. You'd think employers would be jumping at those things. So why are we so far behind?

Nelson: I think it's because organizations aren't sure how to do it. I can't tell you, again, the number of companies that are spending hundreds of millions of dollars on things like trips, sales incentives, merchandise, and yet when we touch on this topic -- and a lot of times they'll bring it up, say, like, "We're really not doing anything in the non-monetary department." And I'll say "Well, why not?" And it's like, "We're not sure how." It just feels kind of messy and it's hard to put a budget to it. It's viewed as one of those issues that maybe will be mentioned, and they'll say, "By the way, don't forget to thank people when they do a good job," and everyone will nod their head and they'll go on and not do it.

Ballard: So, it's an issue about organizational change, really.

Nelson: It is. It is. Really, at the heart of it. And we have a mental image of how organizations change, and it tends to be: there's an upper-management closed-door meeting, and they come out and announce a new direction, and it rolls down the organization like a waterfall, and everyone falls in line and step and march off into the sunset. But the way change really happens in organizations today is that someone tries something different. They get a better result, and because of that, they do it again. Someone else notices and emulates that; you move from a spark to a momentum, and if you get enough of that going quickly enough, you get a critical mass. And when that happens, if you stick with it in doing these type of behaviors, you can cross an invisible line, and now it becomes part of your behaviors. It becomes part of what it means to work in this organization.

And it's become part of your culture. Now, on that journey -- and different people get on board at different times -- some people will never get on board. They've been here longer than you, you can't force them to change, and you can't. My advice is to ignore those people, and as the culture changes, the mix of the people in the culture will change with it. And maybe some of those people will retire, maybe some of those people will decide to go elsewhere, but don't be held ransom by those people that are naysayers and will hold you back. Run with the people that see the value, see the excitement, that want to work in a more meaningful job where we can enjoy the job we're doing and do a better job at it.

Ballard: So, if everybody knows we need to do it, but organizations for the most part aren't sure how to approach that, are there some basic steps they can take to look at their current recognition efforts and update those so that they're meeting the needs of their employees?

Nelson: The ideal answer would be, "it starts at the top." You get leadership -- leadership commitment and sponsorship -- or you find someone that sees the light and you get them to endorse this program, this approach. And maybe you create a philosophy of operations. And right now some 53% of organizations don't have a statement of expectations or philosophy about this topic of recognition, which means that they're kind of doing it haphazard, more times than not. That they've got a few tools and again, they're doing what we've always done: employee of the month; and years of service; and maybe we'll have a summer picnic -- very superficial, very ineffective. And, for example, you've got to create a baseline. If you don't measure it, you can't manage it, as Peter Drucker used to say, my professor.

So, how do you measure this topic of recognition? Well, you know, that stops a lot of people right there, because they don't know how. And if people do anything, there tends to be maybe one item in their employee survey, which is better than nothing. And that asks people -- do you feel valued for working here? Does your manager thank you when you do a good job? Does anyone ever talk to you about your career path, about where you want to be five years from now? There's a whole lot of items that hang together on this topic. And yet 36% of organizations today don't do anything to measure the effectiveness of their recognition efforts. So, they don't know if they're getting their money's worth out of it.

I work with well over a thousand organizations on this topic, and most of the Fortune 500, and I guess that I've seen so much that I could quickly see the lay of the land to see what they're missing, and where the pressure points are that they need to most focus on. And so that makes it very rewarding -- to be able to take a good organization and show them how to be better, regardless of their size, and how to harness the power of it. It's simple things that have this profound effect. But because we're talking about simple things, that, in itself, I find gets in the way of the whole topic. Because it sounds simple or it sounds something like I've heard before, we think we already know it. In fact, I must be doing it, it's so easy to do. People confuse things that are easy to do with doing them.

Ballard: You commented that in working with the number and variety of organizations that you've worked with, you have a pretty good lay of the land. What are the most common mistakes that you see happening? What's being done incorrectly that's causing problems?

Nelson: Well, there's a bunch. And we've seen on a few of them that it's hard to do this if you don't have buy-in from the top. In any organization, you need to get upper management involved. And that's not just to bless the budget or to say, yes, we're going to do this, it's to have them model the behavior. Those actions often speak louder than the words. So that's a big one. The measurement; the not starting with the internal map and the head, hands, and hearts of their managers. So until you grab them inside, and get them on board there, you could have the best tools in the world and it's not going to do you much good.

But so many organizations will start with just the tool, and just spend a lot of time and effort, and then be scratching their head, "Why is it these people aren't doing it?" or, "We budgeted, again, x million dollars for this, and, wow, we've got two percent, four percent utilization?" There's a lot of organizations in that camp, and they don't know why. And the answer is, you've got to do more than send out the email or the announcement that's available. You've got to make the connection. And as people start to do it, you've got to catch them doing it right. You've got to recognize those people that are recognizing others. And you've got to do it in a way where we can learn from each other. And you've got to realize that every time you communicate, there's a chance to recognize. Whether it's in the hallway, or the beginning of a staff meeting, or in informal communications of any type -- it all adds up. And you're either chipping away at it or you're oblivious to it.

So you've got to make it real. You've got to make it in a way that is dynamic, or that is exciting. Or you take, you know, employee of the month -- and I was bagging on it a little bit there, because most

employees, you know, who feels special if they're the 412th employee of the month? And their picture goes up on the thing, and usually whenever you're in a public place and you see a company's got an employee of the month program, go take a look at it. Often you'll find for the last one that was entered it was May, 2002. It fell off the wagon. So, don't do the things that aren't working and don't add value. Make it relevant. Make it special. Make it fun, you know.

For example, one company they do an Employee of the Month program. But beyond that name, it goes very quickly to other activities. Who needs employees of the month? We need employees of the moment. We need them every day. This got me -- they have an unlimited number of employees of the month. If you do these four things, the core criteria, the core values, you get on the list. And then once a month, whoever's on the list, they do something fun for. The company I'm thinking of, they invite whoever plays a musical instrument to bring them in to work. And they take that motley crew of people, and they have them "Go serenade these people! These are our performers." And everyone piles into someone's cubicle, "On three, Louie, Louie!" And it's a blast. And the buzz becomes, "How do you get on that list? I want to get on that list next time." And it's been so successful. And it could sound frivolous and silly to an old-line manager, but I tell you what -- if it works, it works. And it creates a buzz and excitement and a focus on those things you need and want people to do. It's been so successful they've started a second musical group, a string quartet, to praise people at a higher level where they really achieved something spectacular. Who can say that's wrong, if it's working?

Ballard: So the orchestra is next, you're saying.

Nelson: That's right, and really, that would be fun, to build on that theme. Here's a couple tickets to the orchestra. And we're giving you four, one for you and your spouse, and then two for you to invite someone that is important to you in your life. So, give them a way to pass it on.

Ballard: You've talked a lot about how recognition and motivation can be done effectively, and how we can move beyond the sort of legacy programs that maybe have lost their effectiveness, or in many cases weren't all that effective in the first place. So, if there are HR professionals who are listening to this podcast, what do they need to do to be able to sell this to upper management? How do they make the business case?

Nelson: Well, that's the \$64,000 question. In fact, I have a whole chapter in my field book -- *1001 Rewards and Recognitions Field Book* -- that's just devoted to that. And there's no one answer, because different things work, you know. And so I outlined seven different strategies that I've seen work to sell this above you in the organization. And that can be, from doing a pilot and creating your own data, to looking at best practices, to creating a steering committee and giving executive representation. So, you can take a logical approach and sell the case.

And actually, a good model is to look at the last major investments or initiatives that were successful in your organization -- how was that done? When you got the new computer system, what were the steps you went through? Follow the same pattern. What justifies the decision? How much money you were losing and how much you'd gain if you made that change? The same is true here. I just worked with Bank of America, for example. Through the use of recognition, they were able to cut their turnover in half over a three-year period. Now, what do you suppose that saved them in money? They've got 188,000 employees, associates, they call them. Hmm...you don't have to be a math whiz to figure out that had a huge financial impact on operations. So, find out how to justify a decision to take this topic more seriously, and the investment that you need to do, and the measurement, and the training and the ongoing management in a professional way of this initiative.

And then there's the other extreme, of making a personal appeal by saying "Here's what -- I want you to trust me. Trust me on this one. Just let me try this. Let me try it in one division or one department, because I think it's something that could impact us." And then track the results, and based on that success, you can come back to it in a larger way.

Ballard: That was part one of our interview with Dr. Bob Nelson. Join us next month for part two, here on the Good Company podcast.

