Motivating secondary performers

Fast-growth entrepreneurs debate the best ways to turn loiterers into leaders
From the National Post, June 21, 2010

By Rick Spence

What keeps successful entrepreneurs awake at night? It's almost always people: specifically, the people who join their workforce, learn to do their job on the employer's dime, and then either perform poorly or quit their jobs too soon.

At a conference for growth entrepreneurs hosted last week by PROFIT Magazine, motivation and retention were the hot topics when the delegates were split into confidential peer groups to share solutions to their most vexing problems.

Because of the hush-hush nature of the discussion, I can't reveal names or specific details. But my experience with one group of entrepreneurs confirmed that while underperforming employees are the bane of their existence, there's much more that business owners can do to motivate secondary performers.

"Matt" (not his real name) employs people across Canada who provide professional services to other companies on a contract basis. He doesn't expect these people to stay with his business forever, but he hates it when they quit after just six months. It costs a lot to train these people, and the good ones are hard to replace.

Matt knows that temporary-help firms tend to develop only tenuous relationships with their people, who often identify more closely with the client companies in which they're embedded. "I used to blame the employees for leaving," he says, "but now I realize that it all starts with me." He's just not sure how to turn things around.

"Alex" faces a similar problem. His manufacturing company has offices across the U.S., Europe and Asia, where staff-turnover rates far exceed those in his Canadian operations. How can he better communicate the company's opportunities and culture to these world-wide offices?

"Paul," who runs a growing retail business with lots of minimally committed staff earning minimum wage, suggested communication is the answer to both problems. "People need to stay connected with you," he said. His company uses regular Twitter updates, video conferencing and a twice-monthly newsletter to stay in touch with far-flung employees, strengthen their bond with the company, and remind them of the benefits of working in a company with lots of employee perks and opportunities for advancement.

But communication isn't enough. To reduce turnover, Paul's company pays its retail staff more than the competition, and employee rewards programs that provide merchandise prizes to staff members who achieve various goals. Plus, Paul doesn't take sole responsibility for building culture: he makes regional management teams accountable for minimizing turnover, and ensures those statistics are included in the management-assessment process.

Two participants around the table suggested building retention-related bonuses into employee compensation packages. Why not offer a special incentive for employees who stay for a certain period? If you're employing new, low-skilled workers, you might offer a package of career-planning services to anyone who stays two years. Or if you're paying people more than the competition, as Paul does, you might divert some of that investment into a lump-sum payment that kicks in after a defined period of service.

Paul pushed back at that idea, saying his company believes in immediate recognition. Whether it's with a bonus cheque or just a "high-five", he thinks high-performing employees must be rewarded right away. In the end, the roundtable decided companies must aim for a balance of short-term rewards and longer-term incentives to drive the behaviors they want.

Being composed of entrepreneurs, the group couldn't help offering out-of-the-box solutions. For instance, one participant suggested Matt set up an "alumni program," possibly through Facebook, to maintain contact with former staff and encourage them to return. Why not make turnover work for you instead of just against you?

Another suggestion, to conduct regular exit interviews with employees who leave, drew a derisive, thanks-for-spending-my-money sneer from Matt. But if cost is a concern, said another participant, why not target a certain percentage, say 10%, of departing staff? The value of their comments on why they're leaving, and how the company might encourage more employees to stay, would likely far outweigh the cost of doing the interviews.

More turnover-busting suggestions abounded. Hold regular social events for your staff, such as Thirsty Thursdays or First-Round Fridays, suggested one participant. (No, responded another, let employees spontaneously decide when and where socializing should take place, and then support *those* events.) Encourage staff to suggest ways to improve the business – and act on those suggestions as often as you can.

Make sure employees know what is expected of them – and dump those who don't meet those standards. Tolerating sustained underperformance will always alienate your best people. "You have to be a disciplinarian," warned Paul. "People expect that."

The consensus of the table was that there are very few wrong ways to motivate people and reduce turnover. As with many business disciplines, the key thing is just to start working on it. Once you do that, consciously and consistently, the right solutions will likely emerge.

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