

REACHING OUT



MONTHLY DIGITAL NEWSLETTER EXCLUSIVELY FOR MEA PATRONS

Motivate and Retain Your

Best Performers.

It appears incredibly simple, doesn't it? "Do unto others as you would have them do unto you." The Golden Rule appears so undisputed that it would be a fix for all human relations. Simply treat everybody the way you would prefer to be taken care of and all will run perfectly, correct?

But wait... Something appears to be amiss...

Would your business' twenty-five year old big shot sales guy aim for the exact same benefits from their work that your forty-something accounting clerk does? Is your technical staff aiming for the same opportunities and reimbursement as your receptionist?

Indeed, their desires are very different, though quite a few business owners institute a universal approach when appreciating their highly valued staff. When an important contract is done, everyone is awarded the same award, whether you give them dinner or a gift card. Delivering an identical reward to everyone is what's right, isn't it? But is it truly fair to your team's key employees?

Keep Your Best Staff



Startlingly small numbers small business owners realize that **The Pareto Principle** lesson regarding their employees teaches that 2 out of 10 of their employees deliver the bulk of your entire company's bottom-line. In addition, nearly every management book talks about studies which compare the productivity of the key employees to the least skilled (yet still effective) employees. The difference between the top and bottom have been found to be as broad as 100 to 1. The nearest these numbers ever seem to get to one another is at best 4:1. But how much more does this extraordinary variance in value end up costing?

Let's say that your annual salary for the company's least skilled person is \$30,000, what does it cost for your key staff? Since a lot of the costs for an employee stay the same, they don't go up in relation to base pay. For the purposes of this example, let's use some worst-case figures, \$60k. Assuming that your \$30k person delivers \$30k of value (otherwise they'd be reallocated, right?). If your key employee is a mere four times as productive as the worst, they deliver far more value for how much more they cost.

If you invest in more training for the least valuable members, costs instantly go up, but without any promise that productivity will likewise go up. Also consider what part of your pay is factored into the "cost" of this moderately competent employee? Probably none. Management costs are usually invisible, factored away as overhead. It certainly feels like you're being productive - trying your hardest to bring along the strugglers, hoping that they eventually rise above their shortcomings. Consider how much of your time is spent with either of these employees:

The self-managing dynamo who, with speed of a bullet train, handles customer complaints, delivers defect-free results, and even cleans up after himself in the break room

The trainee who has a few interpersonal problems, occasional quality issues, problems following instructions, and shows up late to work because of an occasional hangover

Apparently your key performers are worth their salt. As such, it's incredibly important for every entrepreneur to retain their winners, as this group of your greatest embodies 80% of your team's value. Their familiarity with your unique systems together with their skills and ability to get the job done in a pinch makes them nigh unto invaluable.

So, what's the most effective way to reward your key people? How do you prove to those high performers that they're appreciated, and boost the chance that they'll stay with you?

What's the most effective way to reward your best people?

Show them the money. If your \$30k employee puts in 80-hour weeks during the last month of a key initiative, most pure cash rewards would come in at a rate far below minimum wage. Simply rethink this choice. This can be quite insulting, seen, instead, as an insignificant effort to pay them off and ease your guilty conscience. Regardless, once the IRS gets his chunk, the net impact of this money can be far less than it costs to pay it out.

Send them to extra training. Some folks might be excited about an opportunity to attend a conference in a new city on the company dime. They may even ask to spend the week before or after, at their expense, in order to really benefit from this chance to see a new place. Be careful though, this could appear to your superstar that you noticed their efforts in need of training. They might wrongly assume that they must take further training to be worthy of the more desirable reward that lies waiting. If your worker is sensitive, they could be worried that their effort they went through was an indicator to you that they were struggling along. Suggesting a training reward in this situation could be interpreted that their challenge was obvious, and you are now taking remedial action.

“People are definitely a company’s greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps.”

- Mary Kay Ash



Promote them. Though the appeal of a notable title or tangible gains accompanying a promotion may encourage some, more and more workers have come to understand the risks of **The Peter Principle**. They're worried that their work lives will shift a great deal if they become a position of

greater responsibility. Your turbocharged talent probably like what they're doing right now. That's why they're so darned skilled at it. Before considering a promotion as praise, be sure that the new job actually uses the skills and talents exhibited by these high achievers, or you may end up having to replace them. If you decide to take this chance, ensure your key staffer knows that it's alright to get their old job again if something doesn't work out in the new situation.

Offer extra holiday time. Everyone likes to get away, right? Unfortunately, if you give this reward to a very committed staffer who is so wholly committed to their career that they don't have many friends of the workplace, they may not know how to handle this leisure time.

Do unto others as they would have done unto them.

As you can see, there are innumerable methods to reward your best. It's easy to be tempted to give each of your employees the same reward. It's especially dangerous to give them what you would want.

These examples take us to a fundamental concept: communication. In a nutshell, ask your key people what they really want. What is it that will let them to truly feel loved? The life that leads someone to turn into a great account manager is very different than the path of a great office manager. You may be amazed by the answers you get back. If truth be told, your staff may be delighted, as well, to learn that you are really giving them a say to determine the award for their efforts.

Do they want money?

Do they want more demanding job assignments?

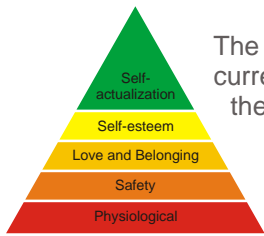
Do they want some time off to appreciate their children?

Would they rather have more mentoring?

Do they merely want to be acknowledged at a company meeting?

What have they received previously that really made them





The findings can differ notably for each person, depending upon their long-term goals, how their needs are currently being fulfilled in **Maslow's Hierarchy of Needs**, and the current stressors in their life. Don't make the mistake of believing that the answer you get today will hold true throughout your key performer's career.

Ultimately, rather than attempting to reward your people the way you would prefer to be rewarded, break The Golden Rule, and spend the time actually learning their needs and wants. By involving them in decisions that affect their lives so immediately, you might unexpectedly take advantage of **The**

Hawthorn Effect, and encourage your people by demonstrating you care. You will probably notice that you've created a work environment that makes your top staff more contented than they've ever been. Accordingly, they will discover ways to push themselves to new levels of productivity, appreciating that their hard work will result in rewards that are truly significant to them. You may even earn their admiration and allegiance for a lifetime



The Hawthorn Effect

The Hawthorne effect is a psychological phenomenon that produces an improvement in human behavior or performance as a result of increased attention from superiors, clients or colleagues. In a collaborative effort, the effect can enhance results by creating a sense of teamwork and common purpose.

Maslow's Hierarchy of Needs

Psychologist Abraham Maslow's concept of a hierarchy of needs suggests that people are motivated to fulfill basic needs before moving on to other needs. Most often displayed as a pyramid the concept shows the lowest levels of the pyramid made up of the most basic needs, while the more complex needs are located at the top of the pyramid.

The Peter Principle.

The Peter Principle is the concept that in bureaucratic organizations, new employees typically start in the lower ranks, but when they prove to be competent in the task to which they are assigned, they get promoted to a higher rank, generally management. This process of climbing up the hierarchical ladder can go on indefinitely, until the employee reaches a position where he or she is no longer competent. The employee has no chance of further promotion, thus reaching their career's ceiling in an organization.

The Pareto Principle

The Pareto principle states that, for many events, roughly 80% of the effects come from 20% of the causes. More generally, the Pareto Principle is the observation (not law) that most things in life are not distributed evenly. It can mean some of the following things:

- 20% of the input creates 80% of the result
- 20% of the workers produce 80% of the result
- 20% of the customers create 80% of the revenue



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“Good management consists in showing average people how to do the work of superior people”

- John D. Rockefeller

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