

THE COSTCO CONNECTION

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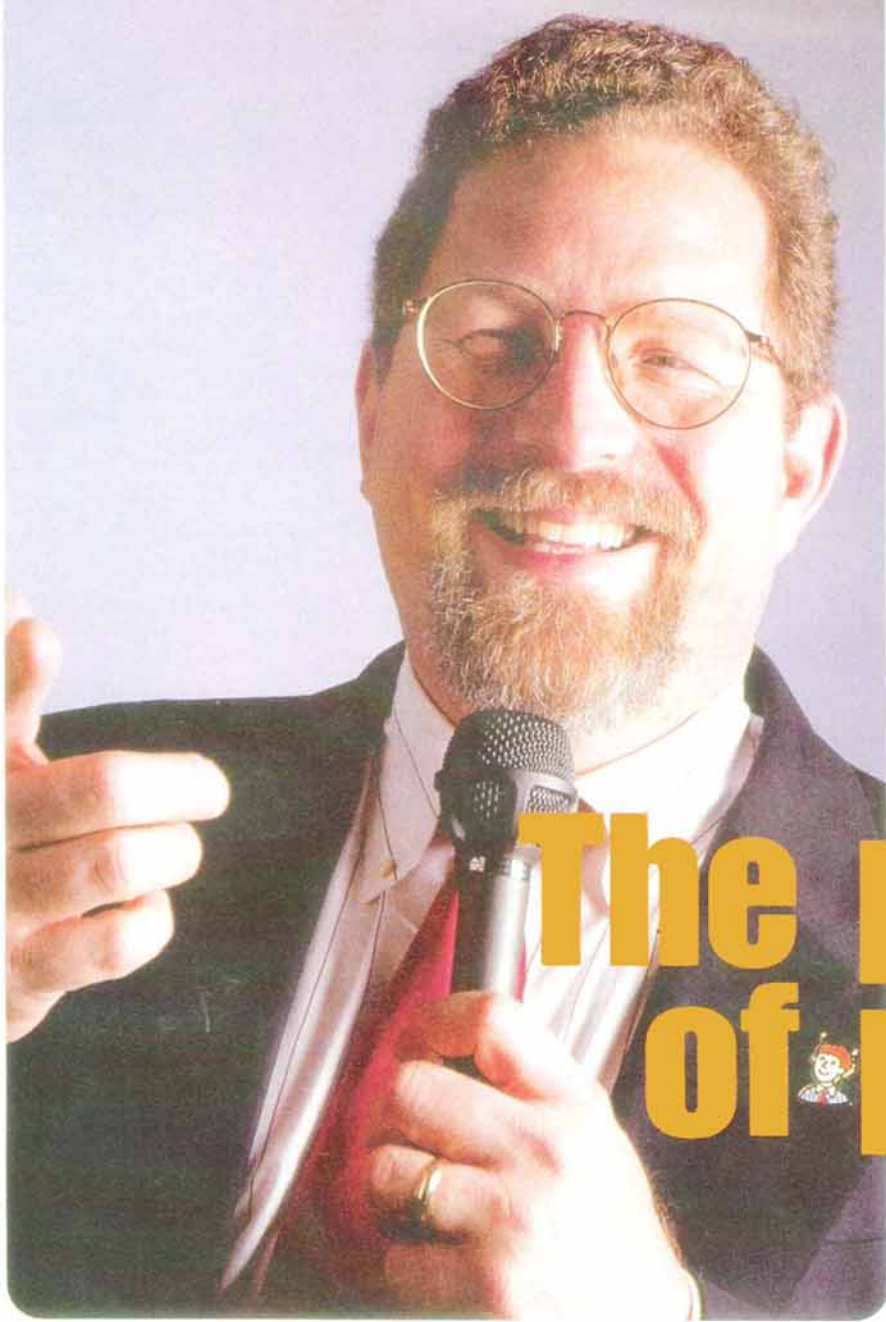


Rewards = results

Bob Nelson preaches
the benefits of
simple rewards to
motivate employees **16**

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Ask people what they want at work. It's not necessarily more money. Simple recognition is a huge motivator.

The power of praise

By Scott S. Smith

Bob Nelson vividly remembers the moment in 1991 that he knew that helping companies reward employees in the right way was going to be his life's work

He had already been working for two years on his doctorate in management guru Peter Drucker's program at Claremont University near Los Angeles. (It took Nelson another 10 years to get a Ph.D. because of his busy schedule.) One evening, a professor was talking about the overwhelming evidence that positive reinforcement could affect worker behavior. "But he said there was little application of the theory in the business world, and I remember thinking, 'I'll do something about that,'" Nelson recalls. "I got home at midnight and told my wife that I wanted to do a book filled with ways to praise and thank employees."

The eventual result: *1001 Ways to Reward Employees*, an instant bestseller when it appeared in 1994 — and still popular today, with 1.5 million copies sold so far. Not bad for an unknown among business experts.

Bob Nelson: "It's surprising how many companies don't see the importance of recognizing outstanding employee performance. Yet studies show that such recognition is a huge motivator for workers. And often it's free!"



Nelson went on to write or co-author other popular books, including *1001 Ways to Take Initiative at Work*, *1001 Ways to Energize Employees*, *Managing for Dummies*, *Consulting for Dummies* and, in April, his latest (with Dean Spitzer), *The 1001 Rewards and Recognition Fieldbook*.

Can't buy their love

Here's what Bob Nelson has come to evangelize through his writings and the hundreds of seminars he holds for businesses large and small every year. In the workplace, money and fair wages are clearly important, but when it comes to long-term employee happiness and loyalty, it's truly a case of "you can't buy me love." Workers thrive, are motivated and stick around longer by recognition of a job well done — a sense that they are appreciated and included in the operation.

What's more, businesses that take such motivational steps benefit from increases in productivity. These benefits have been measured statistically and in countless anecdotes from happy CEOs and department heads. It's a particularly important approach in today's economy, where budgets are tight and skilled workers are in demand.

The workplace world, according to Nelson: **It's broke, and needs fixing.** In his latest book, Nelson cites statistics that found only 48 percent of surveyed workers would recommend their organization as a great place to work; 58 percent said they would leave to work elsewhere for a slight increase in pay. That's no resounding vote of approval.

Times are tight and tough. With tight budgets everywhere, companies don't have loads of cash to throw at employees as rewards. Also, advancement opportunities are limited. Finding creative ways to keep up morale and improve productivity is a huge challenge.

Money doesn't necessarily talk. Over

the past decade, traditional incentives such as money and promotion have lost their power to shape desired employee behavior. One reason may be the fact that in many cases excellent employees aren't necessarily paid a lot more than average ones. Nelson says the average difference is just 3 percent.

"We know from 100 years of research that behavior is shaped by its consequences,"

says Nelson. "If you recognize and reward behavior, it will tend to be repeated. If you ignore or punish behavior, it will tend to stop. In short, you get what you reward."

Reappraising praise

Treating employees well seems to be part of every corporate mission statement, so isn't this just commonsense stuff everybody knows?

"Common sense isn't really very common practice in times of dramatic change, cutbacks, the increasing speed of business and reliance on technology," Nelson responds. "Most companies have some kind of program to recognize outstanding performance, but few do it systematically or effectively."

Take recognition for a job well done. Surveys of workers consistently rate this their number-one workplace desire, preferably given immediately after they have done something well, directly from their manager one-on-one, or by e-mail or mail, or in front of colleagues. Yet they complain this is rarely done. "Catch them in the act of doing something right!" exhorts the exuberant Nelson.

The communication disconnect shows up in what managers think employees value the most in their relationship; compensation. But workers often rate it last in a list of 10 — and seldom higher than fourth. Why?

"When they're satisfied with pay and benefits, those elements are like wallpaper: Employees expect to be compensated fairly for doing an average job, and merit raises are considered a right if they do better," Nelson reports. In fact, he has found that if management primarily expresses thanks with cash, it sends a message to workers that unless they get more cash, their contribution isn't important.

"People work for people more than organizations today, because the organization is abstract, and the more we're wired, the less

Top 10 motivators for workers

Surveys in recent decades by human resources experts have shown variety in the order in which employees value incentives to do a good job at a particular time. But these have risen to the top of most lists:

1. Full appreciation for work well done, expressed directly by managers personally or publicly.
2. Learning and career development opportunities.
3. Decision-making authority and autonomy.
4. Flexible working hours, arrangements and dress code.
5. Being kept informed about work issues and having the opportunity to give input before policy is made.
6. Exciting and meaningful work, and the sense of making a difference.
7. Working with great people.
8. A nice boss who criticizes constructively and disciplines fairly.
9. Management support, time and help.
10. Fair pay and compensation. — SSS



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answer since his postgraduate days. In his doctoral study, he found that managers agreed that use of recognition enhanced performance in many ways. A full 90 percent said recognition helps them motivate employees, and 84 percent reported that nonmonetary recognition for good work increases performance.

In the real world, many corporations have seen employee-recognition programs benefit the bottom line. For example, Seattle law firm Perkins Coie started an employee-recognition plan based on Nelson's books and seminars. The company conducted surveys in its finance department before and after the plan that asked questions about satisfaction at work, the sense of trust in the workplace and relationships with supervisors.

The improvements were significant in most categories. The most telling was perhaps this: To the question "Overall, I am satisfied with my job," 48 percent agreed before the plan. After, that figure rose to 73 percent.

Is it just a coincidence that Perkins Coie was named one of the "100 Best Companies to Work for in 2003" by *Fortune* magazine?

Lifelong influences

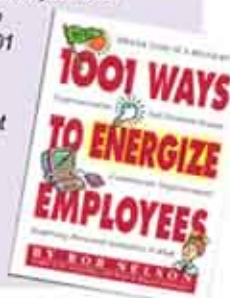
Much of Nelson's business sense comes from two people: his father and Ken Blanchard (of *The One Minute Manager* fame). When Nelson was born, his father, Captain Edward Nelson, was flying for the Air Force. His commander acknowledged the event in passing in front of the squadron and handed Captain Nelson an engraved tin cup. A visiting general strode to the microphone and called the captain to come back up.

"Whenever you present an award, make it a big deal," he told the group. "Captain Nelson, it's the special times in life that make life worth living. Yet when your son was born you were away, serving your country. This engraved up represents our thanks to you for the dedication you have to your job and your country and the joy we all

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Costco carries several of Bob Nelson's books in select warehouses. Check your local

Costco for *1001 Ways to Reward Employees*, *1001 Ways to Energize Employees* and *1001 Ways to Take Initiative at Work*. All of Nelson's books can be ordered from his Web site, www.Nelson-Motivation.com



share in the birth of your son."

Bob Nelson heard the story and never forgot it.

As for Blanchard, in the 1990s Nelson helped write and edit several of Blanchard's books and was put in charge of product development for Blanchard's company. The two are philosophically aligned. Blanchard espouses taking great care of customers (creating "raving fans") and providing a motivating environment for employees ("gung-ho people").

Likewise, Nelson argues that workers are a company's most important asset. Some may find this statement trite, but human resources professionals predict a severe shortage of skilled workers in the coming decade — and much sooner in some industries. Simply put, it's smart business to take care of people, Nelson advises.

"Everyone wants to feel like a star in his or her own play," says Nelson. "Managers have the power to give [employees] that feeling to believe in themselves and their potential. Every leader needs to make it a daily habit to acknowledge everyone who is doing a great job." ☐

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connected we feel," Nelson points out. "If they have a good boss, they feel they have a good job. They want trust; they want to be shown that their opinions are valued, to be kept in the loop and to be supported in taking initiative."

Nelson's crusade to change the business environment — arguing that a new approach provides a competitive advantage — has attracted thousands of companies of every size. The relevance of his thinking across many industries is illustrated by the range of his clients, which include the Walt Disney Company, FedEx, Armani, McDonald's, IBM and the Internal Revenue Service.

Low-cost thanks

The interesting thing is that these motivational ideas don't have to cost a lot. Nelson has collected hundreds of low-cost and no-cost ideas that are being implemented.

- An executive at NCO Financial Systems in Blue Bell, Pennsylvania, lends junior salespeople his Mercedes for the weekend after they've had a really good week.
- Leading mail-order clothing retailer Land's End conducts drawings for massages, offers seasonal workers who commit to returning access to the company's activity center all year and lets some employees work from home.
- Regional express parcel carrier Eastern Connection of Woburn, Massachusetts, donates a book in the employee's name to a local library every time he or she receives kudos from a customer or a manager.

So, the question inevitably arises: Does this stuff work?

It's a question that Nelson has worked to

Right way to recognize teams

Rewarding teams is tricky because, if done the wrong way, it can prove divisive, Bob Nelson warns his clients. If you recognize the group's achievements, the members who contributed the most to the outcome may feel alienated, while the slackers get the wrong signal, he explains. "Few issues in business today are as challenging and critical," he says. Some of his suggestions to motivate cohesion-producing action:

1. Let team members have a say in how they should work together.
2. Hold meetings where members are encouraged to praise each other's work.
3. Have a senior manager present to listen to discussions about group and individual achievements.
4. Alternate responsibility for recognition among members at weekly meetings.
5. Write a letter to every team member at the conclusion of a project to thank them for their specific contributions and group successes.

— SSS