



*Excerpts from narrative business book:*

## **The Introduction**

Tony took his friend's advice and set up a meeting with Bill. Over lunch, Bill itemized the three factors that Tony could focus on to achieve success – goal setting, cash flow and motivation.

"It almost sounds too simple to believe," said Tony. "There's so much more that goes into running the business: Production, inventory, payroll, supply, sales. Your suggestion sounds like a kindergarten answer to a college-level issue."

Bill chuckled at his analogy. "That's an interesting way to put it, Tony. And all those things you've mentioned are critical to every business, and I'm not suggesting that they're not. Let me ask you a question: Have you tried to improve those things?"

"Of course."

"What was the result?"

"Every manager was tasked to improve his or her department. We meet regularly to review results."

"And what are *those* results?"

"Inventory is a constant headache.... We're either waiting on parts or clearing space to store the overstock. Payroll... well, let's face it. Everyone's always asking for a raise. We can't seem to find a reliable vendor which keeps contributing to the inventory headaches, and we definitely need to get more sales rolling in."

"In other words, you haven't made much progress."

Tony scowled but knew it was an accurate assessment. It's exactly why he was meeting with Bill in the first place. "No. No we haven't," he admitted.

“Let me explain something to you, Tony. I see a lot of companies struggling with exactly the same things you do. I’m not suggesting that my ‘kindergarten answer’ fixes everything, but it does provide what you need to move forward. Here’s another way to think about it: Goals are your road map, cash flow is your fuel, and motivation is your ultimate destination. They work in concert to get you where you really want to go. When you get a handle on those three things, everything else falls into place.”

## **Focusing on Goals**

Tony looked over the SMART goal sheets that each of his supervisors had given him. “What about those goals that are SMART but aren’t really measurable?”

“For example?”

“One of Sandra’s goals in human resources is to improve overall employee morale. What’s she supposed to do... walk around counting smiles and frowns every day?”

Bill chuckled at the sarcasm and suggested they include Sandra in the meeting to brainstorm.

“I went through the SMART formula,” she explained, “and it’s specific. It’s certainly motivating because I know that when folks are happy, the company is a better place to work. I know it’s attainable and realistic, and it’s also tangible. I know we’ll feel it when we achieve it.”

“Very good,” said Bill. “Now we have to figure out how to measure it. Without some sort of measurement, how will you determine your progress? Feeling it is one thing, but measuring it is really critical to success.”

Sandra laughed when Tony recounted his idea to count smiles and frowns.

Bill continued, “What happens to the absenteeism rate when folks are unhappy at work?”

## Human Nature

“Let’s talk about human nature, shall we? There have been a lot of surveys done regarding employee satisfaction. While compensation typically ranks near the top, it does not *always* hold the top slot, nor is it the runaway winner as a lot of business owners imagine. Recognition is always very near the top as well. Being recognized for their efforts is one of the foundation cornerstones of employees’ job satisfaction ranking. Recognition works like the grease you use as preventive maintenance on your equipment. It keeps employees running smoothly.”

“Okay,” said Tony. “I’ll add ‘never missing an employee-of-the-month award’ as another SMART goal.”

Bill smiled, but the sarcasm wasn’t lost on him. “Tony, recognition goes well beyond that sort of program. I’m not suggesting those programs are worthless, but there needs to be ongoing recognition as well.”

“There’s ongoing recognition every Friday when paychecks are distributed.”

“Ah, I’m so glad you brought up the concept of recognition only in the form of compensation. They aren’t necessarily linked. Let me ask you, Sandra: When the satisfaction surveys were returned, was there a department in which most employees provided positive scores? And is there a department that shows the lowest absenteeism rate on your chart?”

“Actually, there is. Shipping. Katy’s the manager.”

“Tony, are the folks in shipping your highest paid employees?”

“No, they’re not.”

“So what happens in shipping that makes those employees more satisfied if it’s not money?”

## Just Rewards

“Tony, have you ever heard of operant conditioning?”

“Bill, my education is engineering, not psychology. Is that the thing that Pavlov did to make the dogs salivate when he rang the bell?”

“Not quite, that’s classical conditioning.”

“Good. I don’t need a lot of drooling employees!” Tony laughed.

“I’m not going to take a lot of your time teaching the psychological foundation, so in a nutshell, operant conditioning molds behavior by rewarding the actions that you want to see repeated. You’ve already been using it.”

“I have?”

“Absolutely.” Bill pointed to Tony’s homework chart. “Every time you’ve offered a pat on the back or an ‘atta-boy’ in the last six weeks, you’ve been using operant conditioning. You may not think of a ‘thank you’ or ‘nice job’ as a reward, but I guarantee that your employees see it that way. Do you have dog, Tony?”

“Yes. A beagle; he’s a great little guy.”

“Did you train him?”

“Not me... I’m at the office too much. My wife did. A lot of patience, repetition and dog biscuits as far as I could tell.”

“Does she only use dog biscuits as a reward?”

“No, she also gives him rubs and pats along with a lot of verbal approvals.” Suddenly a light bulb seemed to go on for Tony. “Let me guess, the verbal ‘pats-on-the-back’ I give my managers are the equivalent of her giving the dog rubs and pats

and the biscuits are the equivalent of me handing out something tangible... like cash.”