

Hi. This is Wayne Rivers at FBI and *We Build Better Contractors*.

This week, I want to talk about incentive programs, and I want to say to you, forget cash. There are seven better ways to inspire your employees. This came from a Harvard Business School article in January of 2019. This is before the great resignation, keep in mind, and this article by Ashley Willers said that at that time, 80% of United States employees don't feel recognized or rewarded, 80% before the great resignation. Now, what about this is important to you? Golly, every contractor is fighting for new talent to come on board, as well as retaining your existing talent. It is a dog fight in the marketplace right now. Ashley Willers wrote that employees have three strong psychological needs.

The first one is autonomy. They want to be free to choose how and when they do their work. The second is competency. They feel like they're armed with the skills to get jobs done. As the leader, you need to provide them with the tools, technology space, whatever they need to get that stuff done. The third psychological need is maybe the most important and that is a sense of belonging. Connecting not just in the workplace because I have to be there but connecting socially with your colleagues in a meaningful way. I think that may be the biggest driver of companies that have great cultures.

Now our peer group members talk about incentive programs all the time. This has been going on for my 30 plus years of working with contractors, and so it kind of leads me to draw the conclusion if everybody still, after all these decades, is still asking about how do I design the right incentive plan? Maybe financial incentive plans just don't work. We have to think about that, don't we? If cash incentives don't work or in fact, if cash incentives even create problems for us because they incentivize incorrect behavior, then we really have to rethink what we're doing, don't we? Now, first of all, let me say. This is the first of the seven tips. Cash can motivate, especially in sales or business development areas, but she writes that in complex creative jobs, cash is not a motivator. When you think about today's construction, sure you have BD folks, but what industry is more complex, requiring more creativity and problem solving than construction? I think that she makes a good point. Your cash probably works to motivate salespeople. It probably doesn't work to motivate the other people on your team so much.

Number two, if you insist on cash, put a handwritten note with the check or with your direct deposit or whatever it is. Show appreciation, not just monetarily, but show appreciation in a physical and tangible way. The third thing, reorder your incentives. Instead of dangling this carrot out there, if you do X, you will get Y, be spontaneous with it and create the rewards after. What one of our consultants, Mike Flentje, has done successfully in the past is he just got a bunch of \$100 Amazon gift cards. He kept some in his pocket and when somebody went above and beyond and they did something terrific, or they did something for the benefit of the bigger team, he would say, "Boy, I really, really appreciate that. I know this isn't much, but golly, I want you to know that we appreciate it, and you can do something nice for your family," or whatever it happened to be. That's maybe a better way to do it than dangling this mysterious carrot out there.

The third thing... Oh, that's the third thing. The fourth thing, give the gift of time. It's 2022 and we've been through the whole pandemic and all that stuff. Everybody expects that you're going to have a vacation policy. Make it a generous vacation policy. Let your employees pick their hours, their locations, et cetera, at least to a degree. Give them latitude, especially if they have young families. Give them latitude to create their own hours and things like that.

The fifth one, when you're recruiting, emphasize your company's benefits. There was a study in 2018 looking at 92,000 job ads, 92,000. They said that the more benefits the companies described in their postings, the more applications that they generated. Furthermore, companies that emphasized their generous family leave policy got more applications than companies even with higher compensation outlined. There are things that mean more to your employees or as much, at least to your employees, than money.

The sixth thing, encourage your employees to reward and appreciate one another, especially your managers. Now, construction is a tough business. It hasn't been the nature of contractor or superintendents, these gruff, hard flinty people.

They're not the kind of people to say thank you. Boy, I really appreciate, but they can be trained to do that. One of our peers in my peer group created little notepads, pre-printed notepads, and it just had name, date, why I appreciate blank...why I appreciate Neha for doing our videos. They would just write down things and leave them on the person's desk, leave them under their windshield wiper or whatever. It says, "Boy, you really went above and beyond today. You got here extra early so that you could be ready for X." That really is a nice thing. Sure, you need to appreciate your people, but if you can train your managers, especially, but all of your people to appreciate everyone else, it just creates a warmer and more vibrant work environment.

The last thing is, I've said this before, add appreciations to all of your meeting agendas. It doesn't have to be appreciating just your employees. It could be appreciating a trade partner. It could be a subcontractor, a GC, whatever. If a GC really made it easy for a trade partner to get on the job site, get things done, that's an appreciation that could go in that direction. The tip here is to make your praise really specific. I appreciate that you did X on this day. It made X easier for everyone else and that kind of a thing.

These are my seven tips. I'd like to hear from you guys in the comments, am I wrong? Is my 30 years of experience just messed up that everybody's figured out incentive programs? Because I don't think so. Second thing is what do you think about getting away from these cash incentive programs and being a little more organic and human about how we appreciate and how we reward our coworkers? I'd like to hear from you. This is Wayne Rivers at FBI and *We Build Better Contractors*.