

Hello everybody, Dennis Engelbrecht again, Digging Deeper, trying to get down into some real construction problems and things you might be facing today.

Last week I was doing some strategic planning with a pretty old and pretty high performing, rapidly going company. As we did some questionnaires leading up to this, I came to find that they had some cultural issues developing around their incentive program. So, what happened is the company of course tried to improve on what they were doing before and launched a new incentive program. But, which so often happens, the incentive program had some flaws and possibly or probably wasn't communicated that well to folks, and as people start opening their checks their level of expectation was not being met.

So then, okay, now we've got another problem. Expectations were developed along the way, and whether rightly or wrongly, so now expectations aren't met, so now I've lost a little trust in the program, and if I don't fix that possibly I even lose trust in my senior leaders and senior management to deliver on what they said they're going to deliver. This is not an uncommon problem. I've actually seen this multiple times, and the core problem is really with incentive programs themselves. Incentive programs are very complicated, difficult. What you're really trying to do is connect a reward to behavior so that you incent the idea that this is an incentive program, you incent certain behaviors that are going to give you the results we want.

Well, in the consulting world a lot of us have a saying, show me an incentive program and I'll show you the behaviors that'll result. And what that really refers to is a lot of incentive programs are flawed, and they're flawed either from just not being well thought out enough or well tested to maybe bring out the problems, or they're simply new and they need to work out the kinks over time. But what happens is we launch these programs with some fatal flaws and then we find the behaviors that it brings on are different from the behaviors that we really were trying to incent, and maybe even be counterproductive to our mission and what we're trying to accomplish. And then, again, once you implement something like that poorly you then have created a new difficulty, which is even if you change something and you launch it again, people are going to be skeptical and might not trust what you're bringing to them.

So that's the next lesson, really, for incentive systems, is the whole key to an incentive system being successful is that your employees have to trust it. They have to trust that in the end, what you promise based on the system is actually going to deliver and it's going to benefit them. In consulting, we use the vernacular WIIFMs. WIIFM stands for what's in it for me. And of course, any time you have a program like that, people are going to be asking that question, what's in it for me? Because you're trying to incent me to do things that are good for the company or for ownership, but that WIIFM of what's in it for me has to be answered by the program, and then it has to be proven truthful through the implementation so that the promise meets the reality. And if you can get it to where you've got the right behaviors being supported, you've got the right behaviors being incented, and then you're providing the reward and providing it and communicating directly to those behaviors that got the reward, now you've got a system that makes sense in all areas.

Again, so if you're implementing an incentive system, first of all, make sure it's thoroughly thought out, tested, and it's really designed to get the behaviors that you want. Dennis Engelbrecht, Digging Deeper, thanks for tuning in.