3 WAYS TO MOTIVATE YOUR TEAM DURING TOUGH TIMES

SPIFF

Motivation and compensation are tough to nail during easy times and they are even trickier during tough times. I think it's safe to say that motivating your team in the current recessionary environment is about as tricky as it has ever been.

Your employees/coworkers probably have friends that have been laid off, had salary cuts, or maybe even your company has had layoffs or cutbacks. It's pretty natural to feel uneasy?

I'm hoping that I can resurface some well known, but often overlooked, principles of compensation and motivation that can boost you and your team during these tough times.

One of my best experiences on how motivation is tied to some sort of reward came early on in my career. During college I spent about a year working as a recruiter at a call center. This call center had a referral program for current employees referring their network to come and work for us. Referral hires generally performed better, faster, and had a much longer average tenure at the company. To incentivize the employees to refer their friends, we paid them $500 once the employee was hired and was still actively employed after 90 days...

Super motivating right?

But most of our employees that referred their friends completely forgot that they had earned the bonus, and most of them didn't even notice when it showed up on their paycheck.

In an initiative to improve the quality of our average new employees, I needed a huge lift in the amount of referrals we were getting from current employees. So I got permission to split the bonus into two different pieces: A $250 gift card on the new referred employee's first day, and $250 after they reached 90 days. Also on the 90th day, we sent an email thanking them for the referral.

In the first month, we saw a 300% increase in referrals and overtime saw the average tenure and performance of our average new hire rise. Month two we saw a little bit of a dip, but still a 150% increase from where we were at, and month 3 I threw two apple watches into a raffle (tickets for referrals) and we saw that number back close to the original 300% increase.

Reflecting on this experience, I felt like I was able to nail down 3 quick ways to add motivation to any comp plan:
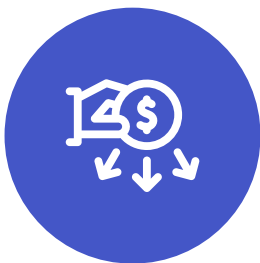
Simplicity

Visibility/
Transparency

Appropriate
Timing

One quick thing to call out, I'm going to write this generally referring to employees who have some sort of variable compensation, but I do think these apply to all levels of employees regardless.

#1
Simplicity

> *"That's been one of my mantras – focus and simplicity. Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it's worth it in the end because once you get there, you can move mountains."*
>
> **– STEVE JOBS**

I think simplicity can be defined in a lot of different ways, but here I am referring to it as making sure your employees understand the whole story around their compensation.

- Does your employee really know if they do x, they will get y?

- How does their goal roll into the team goal, department goal, etc.?

- When do they actually get their money?

Although this seems like it should go without saying, I'm amazed at how often people are confused or have no idea about how their comp plan really works. From my experience usually only about 40% of employees really know how their compensation plan works.

Now, you don't necessarily have to sacrifice some of the keys to your comp plan over simplicity, simplicity really can be how you present the plan to your teams. A few ways to help make complex things simple:

- Commission Calculators (Excel/Sheets, Compensation Software, Salesforce)

- Diagrams (Lucid Chart is what I use, great way to visualize comp)

- Written out comp documents and examples

Not knowing what the goal really is can be one of the biggest roadblocks on the path to a motivated employee. Try it out today, grab a few employees and ask them to explain their comp plan in 2-3 sentences, if they can't do it, maybe there isn't as much transparency there as you would've hoped

#2
Visibility/ Transparency
—

Visibility is key to motivated employees. Think about running a race and having no idea how far you have gone and how much you have left, how do you know when to push. Most employees have very little visibility into where they are at compared to their goals.

I ran into an issue around this when I was working as a Sales Manager during college. Long story short, our team wouldn't receive their goals until the 2nd or 3rd week of the month, and then from there the tracker was only about 70% accurate. As a super simple fix I got permission to adjust goals so I could set them before the month began, and I sent out progress reports (built in excel) every 3 hours. We saw a 43% improvement in that first month's performance and a 27% improvement in employee satisfaction. It was a quick, easy solution that only took me 30 minutes a day.

- Are you having consistent 1 on 1's and discussing goals during the meeting?

- Sending out consistent updates on performance, whether that is team or individual performance?

- Are you calling out wins?

- Dashboards (Salesforce, BI tools/dashboards, sheets, etc.)

- Automated Reminders (Slack, Teams, Microsoft Todo/Wunderlist)

Finding ways to add visibility into performance is key when trying to reach any goal and is especially important when there is a lot of noise and distractions going on around the individual. Do what you can to help your team focus through the noise and deliver amazing results by adding that needed visibility into performance.

#3
Appropriate Timing

Timing is a pretty general statement, but in this context I am referring to Timing as the distance between achievement and reward. The effectiveness of a reward is directly correlated to the time it takes to receive it.

Cornell University did a study in 2018 around the correlation between the effectiveness of rewards, dependent on the time it took to receive them (here is a link to the study if you are interested). During this study the researchers found that an immediate bonus following the desired action increased overall performance by 20% when compared to delaying when the individual received the reward. They also found that employees perform 20% better long term with smaller, immediate rewards vs. larger rewards that are delayed.

More often than not, we hold employees earned rewards hostage for probably longer than needed. Now, I totally understand the rationale behind not paying out commissions until the customer has paid you, not giving a bonus until the end of the quarter, etc., but I do believe there are always ways for us to get creative and take advantage of the motivational effects that timeliness has on our employees.

Going back to the story I started out with, all it took was really decreasing the time between rewards to see an immediate improvement in behavior. Is there anywhere that you could hold amounts hostage for less time:

- ⊙ Could you give away a gift card immediately for any deal over a certain size that closes?

- ⊙ Could you pay out that Quarterly Bonus a month early if they earn it in February?

- ⊙ Could you give a small percentage of the commission before the client pays?

You also have to remember to think "big picture" about cost here. We had it calculated that it cost somewhere between $20-$40K to onboard and train each new hire. Do you think it is worth potentially losing $250 in the hope that you get an employee that pays you back faster and stays longer? No question. I'd challenge you to do the same "big picture"-thinking when it comes to your employees comp plans.

Closing it up:

Overall, creating a culture where comp is simple (or at least can be explained simply), visible, and paid at an appropriate time are three tried and true ways to increase motivation and drive performance, especially when times are tough.

It's especially important in tough times to make sure you are auditing the changes you are making aren't going to come with any unwanted consequences. You can quickly find yourself in a bad negative cycle when your new policies lead to less motivation, which leads to poorer performance, which then requires you to repeat the cycle all over again.

Take some time today, ask a sales rep to explain their comp, send a slack message to someone with an update on their quarterly goal, and look and see what you can pay out faster.
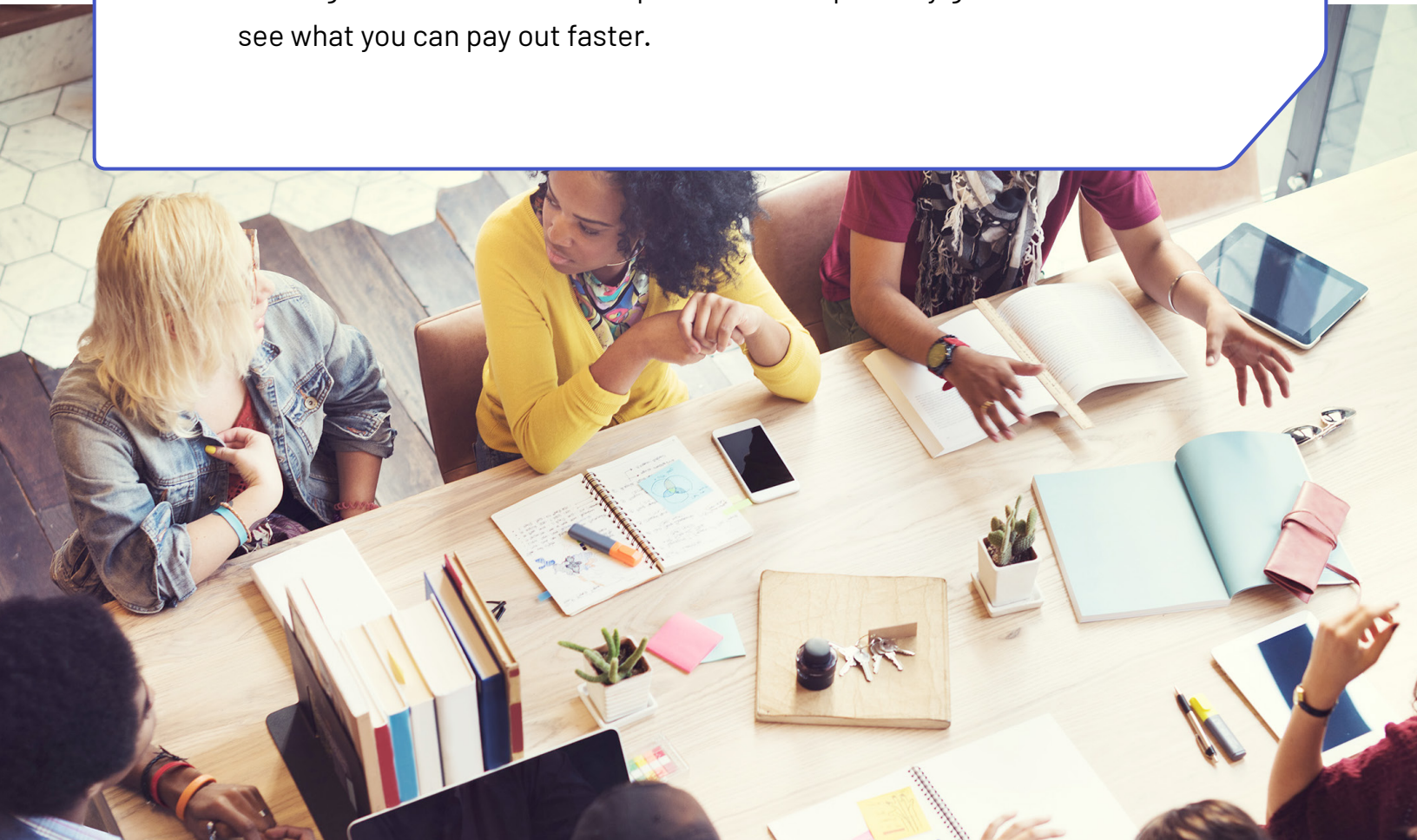
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