



## The DNA of Motivation

I have always been fascinated by the subject of motivation. It plays such an important part in the results that you get from both your business and personal life:

**Results = attitude (motivation) X effectiveness**

Effectiveness means doing the right thing at the right time and in the right way. 99.9% of all the education and training out there will support your effectiveness. Think back to your last PD day or conference. You would have covered topics such as planning strategies, optimum product selection, the impact of new legislation, software and technology; perhaps some practice management. But you will seldom come across material that will help you to motivate both you and your staff.

I'm not talking about those team-building activities that range from pseudo boot-camps to intellectual combat. I'm talking about some skills and insights that you can employ in your practice. If my formula above is valid, and I have come across similar logic in many respected texts, then your personal and business results are *substantially* influenced by your and your staff's level of motivation.

### What does motivate people?

What do you think of when you think about motivation? Do you have an image of the spittle flying off the lips of a bug-eyed coach exhorting his team to greater things? Or perhaps you are an alumnus of Anthony Robbins and recall your first (and only) walk over red-hot coals. Is motivation one of those "thought-for-the-day" books with syrupy suggestions to view the world in a new and improved way?

Let's rather turn to some accomplished psychologists for insights.

Abraham Maslow is probably the most well-known commentator on the topic of motivation. He developed a five level "Hierarchy of Human Needs". Maslow believed that people were motivated by *unfilled* needs.

Level one describes our physical needs for water, shelter and clothing. Level two our need for physical safety. Level three describes our need for social acceptance and being part of a group. In level 4 Maslow explains our need for self-respect, of being valued and making a meaningful contribution. And finally, the lofty level five tells of our need to understand ourselves and our life purpose.

Frederick Herzberg made a major contribution to the study of motivation with his "Two Factor Theory". Here Herzberg made the astute observation that some things motivate people (he called these "motivating factors") and some things are necessary to prevent de-motivation (which he called "hygiene factors").

Examples of motivating factors are achievement, recognition, personal growth and promotion. Hygiene factors include pay and benefits, physical environment, supervision and job security.



So much for a broad wander down motivational psychology 101. What does this mean for you and your practice?

I'm going to make a few comments on the general themes introduced by Maslow and Herzberg and then make some specific suggestions for you to utilise in your practice.

### **Lessons from Maslow...**

You cannot motivate an employee at one level when they have an unfilled need at a lower one. Here are some practical examples:

- ☺ If you have a staff member who cannot afford their mortgage payments (level two – they're not feeling safe, they are about to lose their home), they will not be motivated to perform if you try to motivate them on level three with staff team-building and social events.
- ☺ If you have a staff member who is struggling with their relationships with colleagues (level three – our need to be accepted), they will not be motivated by level four activities such as your praise and acknowledgement of their efforts.

In order for you to motivate your staff you need to understand where they sit on Maslow's hierarchy. You have the opportunity to do this in casual conversation and especially during staff performance interviews.

### **Lessons from Herzberg...**

You need to be aware that some of the efforts you make to motivate your staff may have the effect of *preventing de-motivation* (which of course is important), but won't necessarily motivate them. Again, here are some practical examples:

- ☺ The psychology of employee benefits is a massive field and I do risk simplification here. But one key point needs to be made – a pay rise does not produce sustainable motivation. There is evidence of short-term motivation which is more a result of you acknowledging that staff member's value. After a week or two, your staff member "grows into" their new packet and may even feel that it is something that they were simply entitled to because of their increased experience, or additional tasks, or simply due to inflation!
- ☺ Spending big money on enhancing the look and feel of your premises will not lead to enhanced motivation. Employees expect a decent environment. New computers will not lead to a prolonged high because of their speed. However, slow computers will lead to great dissatisfaction. No one does flick-flacks due to the perfect ambient temperature. But just watch what happens to staff morale when the airconditioner breaks down on a hot day.

Don't feel let down when some of your efforts don't result in a positive vibe. Avoiding de-motivation is as important as motivating.



## **Practical motivational tactics**

So what can you do to improve the motivation amongst your staff and enjoy the improved operational, financial and emotional results that flow from this?

I'm going to focus on two areas: financial incentives and leadership:

### **Financial incentives - Bonuses**

Motivating through financial incentives is the oldest tactic in the book, but unfortunately badly implemented. I mentioned that a pay rise did not lead to sustained motivation. Bonuses are different. Salaries are contractual, bonuses are performance based.

There are two key features to a bonus system that will maximise your ability to motivate: it should be performance-linked to individual performance and it should allow for regular payments. Because this is such a pervasive and effective motivator, let's spend some time discussing each feature.

#### *Performance-linked*

Too many bonus arrangements rely on team, or business, performance rather than that of the individual. I remember working for a chap who regularly reminded his staff that our bonuses were subject to the business hitting its profit targets. Although I held a senior position, my personal efforts were not going to make a material impact on profitability. The end result was going to be determined by the twenty other people in the company and external factors such as the success or otherwise of many other stakeholders as well as the performance of financial markets.

Thus I (and I expect the majority of my colleagues) felt that our bonuses were not under our control and therefore they had little, if any, impact on our motivation. I have seen the same "group motivation" approach taken at the majority of businesses I have come into contact with.

To experience the full impact that a bonus system can have on staff motivation, you need to "individualise" your bonus system. Staff bonuses should be carefully linked to individual Key Performance Indicators. For your income generation staff these would include: the number of new clients, the increase in new funds under management (not as a result of market movements!), fee and commission income, and the number of completed client reviews. Don't only fixate on metrics – reward *behaviour* as well as results!

KPIs for staff not involved in income generation tend to be more qualitative and would include: results from client satisfaction surveys, quality of work, contribution to process and general business improvement; and the support given to colleagues. Although not a KPI, you can consider motivating experienced and valuable administration staff with loyalty bonuses that increase the longer they remain with your business.



### *Regular payments*

Why are so many bonuses paid annually? Management accounts are usually produced monthly and even staff reviews are often held every six months. Regular payments with shorter time frames will encourage your staff to aim for interim as well as long term objectives. Instead of aiming for big, twelve-month objectives, you can set your staff a series of three-month goals. This approach works exceptionally well where a staff member goes through a bad patch. Instead of writing off a whole year, no bonus is paid for that quarter and your staff member starts the new quarter off with a clean slate.

### **Financial - Share options**

Most people believe that share options motivate staff because of the financial reward they promise. However, this is not dissimilar to a salary increase. Any fixed financial benefit that doesn't fluctuate with performance provides only short term motivation.

You may argue that the shares will go up in value as your business becomes more profitable. But this can only be measured at irregular intervals. A drop in business valuation can cause de-motivation. An increase has a similar effect to a salary increase – a short high and then business as usual.

But I'm a big fan of share options for a different reason - they can be very motivating! Share options motivate due to Maslow's level four needs. By inviting your senior staff to essentially become partners in your business you clearly communicate their importance and value to you and your business. This fulfils their need for the recognition of their efforts. It boosts their self-respect, self-esteem and self-confidence.

Staff who see themselves as co-owners rather than resources are always far more motivated to see your business succeed.

### **Leadership**

You may see yourself as a financial adviser, or as a practice principal. But you are also the leader of your staff. There's a great saying that goes along the lines "people join organizations, but leave their boss".

Your ability to motivate and retain your key staff is far greater than you may believe. As the boss, you do not have the luxury of arriving at the office and getting on with your own work. You have other responsibilities.

Here are some crucial leadership actions that will motivate your staff:

- ☺ Find an opportunity every day to acknowledge the efforts of one of your staff. Be sincere. False praise is counterproductive.
- ☺ Work with your staff to develop career paths in your business. Goals motivate people. Ambitious, energetic people need to see what's ahead for them. They need challenges. A path full of promotions, greater pay, more responsibility and personal growth is very motivating.



- ☺ In a similar vein, develop education and training programs with each staff member. Obviously more trained and competent people will have a direct benefit on your business. But the message you send is much more powerful – it says I see greater things for you; I want you to be more valuable both to yourself and to me.
- ☺ Give your staff responsibility – even if they are initially unsure what to do. Assigning responsibility sends a range of messages: it communicates trust, faith in their ability and a desire to see them grow. On the flip side, micro-managing and piecemeal delegation can crush a staff member’s confidence and motivation.
- ☺ Share your vision for your business with your staff. What does your organization stand for? What are its values? There is a growing awareness of the importance of purpose in a person’s life. Helping your staff find some purpose in what they do for you is very motivating. You can have fun workshopping this over some drinks and snacks.
- ☺ Find reasons to celebrate. Not just Friday afternoon, but milestones such as client numbers or achieving a targeted FUM. Celebrate the anniversary of each staff member joining your firm. Celebrate the passing of exams and receiving of qualifications. Be proactive! That’s what’s expected from a leader.

Financial services has long been described as a “peoples’ business”. Yet for too long this has focussed on the relationship between adviser and client. The impact on your business of a motivated, loyal and committed staff is massive. The retention issue takes a back seat and the all-important client experience is enhanced leading to greater client satisfaction and improved referrals. And of course the enjoyment you get managing and growing your business rockets!

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