

Motivating employees

By Elizabeth D. Thompson

Work culture and environment, often overlooked, reinforce motivation. And incentives are an important tool for improving all three: culture, environment, and motivation.

An incentive is a reward promised in exchange for a desired behavior, says Scott Lopez, director of employee and labor relations for CUNA & Affiliates.

Incentives can be strictly financial. But they also can include low-cost concepts such as recognition; small bonuses; good communication; and a fun, supportive, work environment.

Incentives can be directed at individuals or groups. Some credit unions find rewarding only individuals leads to competition for the end result rather than attention to perfecting the process.

Employers, accustomed to compensating based on the bottom line, are discovering that emphasizing only a few dimensions of performance can create a divisive atmosphere that fails to recognize other types of employee effort.

“Pay for simple, quantitative performance may crowd out creativity, along with intrinsic motivation,” David Levine writes in the Filene Research

*Incentives
come in
all shapes
and sizes*



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Institute report, "Three Innovative Searches for Better Incentive Programs." Levine is a professor at Haas School of Business at the University of California-Berkeley and editor of *Industrial Relations*.

Levine says one advantage of diffuse (more broad-based) incentives is they avoid an overly narrow focus on a subset of goals. "If you pay for cross-selling, you get cross-sell-



David Levine

ing but often at the cost of all other behaviors you want from employees. Broadly based incentives avoid that problem, and they don't crowd out creativity."

Take the cross-selling example one step further. Sometimes employers give incentives to achieve goals without telling employees why the goals are important, says Lopez. "For example, everyone's cross-selling like crazy during May when bonuses are offered. In

June, when the carrot is removed, cross-selling returns to its original pace," he says. "The employees never understood the big picture about why cross-selling was important to the credit union's growth."

STARTING A PROGRAM

To develop an incentive system:

1. Know what behavior you're trying to encourage and remember the importance of serving members.
 2. Incorporate the credit union's value system, and show employees how those values are reflected in the larger goals (look at the credit union's Statement of Commitment).
 3. Make sure the CEO and management team buy into the system. Encourage them to walk the talk, demonstrate the program's benefits, and be role models for other employees.
 4. Make the program easy to understand and promote.
 5. Include all employees rather than separating them by location, function, department, or management level. Include employees in the design, feedback, and implementation stages.
 6. Allow employees to contribute to and take responsibility for the program's success. Make it fun. Be aware, though, that some employees may have problems with the idea of incentives or fun. Work with them.
 7. Realize that different incentive programs can run simultaneously so long as they don't detract from each other.
 8. Remember, an incentive system works best when the credit union already is fairly compensating employees through salary and benefits.
- "Employees do appreciate financial rewards," says Levine. "The key is to reward group success and not just economic conditions."

SURF'S UP

Insight Financial Credit Union (formerly Bell-Tel Credit Union), Orlando, Fla., won the CUNA Marketing Council 2002 Diamond Award for best practices in sales culture development/incentive programs.

With \$310 million in assets and 50,000 members, Insight Financial has eight branches plus a call center. Its

downtown Orlando branch also houses real estate lending, information technology, collections, accounting, and administration. In the past, the credit union tried individualized reward programs with mixed results.

"One of our goals was to recognize everyone who was a part of the process rather than just one person at the end of the line, and encourage communication beyond just the telephone and e-mail," explains Jody Walls, vice president of communications.

In 2001, the executive team's strategic planning process revealed strengths and weaknesses of the current course. "You could see spikes in productivity during periods when we had individual incentives for specific goals, but then it would level off," says Walls.

Led by CEO Lynn W. Owen III, the executive team adopted a program designed to encourage a team effort in meeting quarterly goals in five areas: membership growth, member retention, product penetration, share draft penetration, and member services. After the Sept. 11 attacks, the credit union added loan penetration to its 2002 categories. "We were anticipating adding loan penetration because of the soft market in January 2002, but the attacks came as a wake-up call to start focusing on it right away," says Walls.

Meeting goals translated into bonuses for employees, and the credit union benefited as well. Walls and her team, including the human resource, marketing, and business development directors, designed a creative format. In 2001, the incentive program's central creative theme was rock 'n' roll; in 2002, the beach. This year it's the '80s. Here's how it works.

Employees nominate each other for

FOCUS

- Incentives can be financial, but they also include low-cost concepts such as recognition and fun.
- The incentive program should include all employees vs. separating them by location, function, department, or management level.
- The key is to reward group success, not just economic conditions.



going beyond the call of duty toward meeting a goal. The application is entered into a drawing for the Surf Board Award, which rewards recipients with prizes and a mention in the credit union's newsletter.

Employees also are eligible for the Hula Award when they go through an exit interview with a departing member. This yields clues to improving service and retaining members. In addition, employees become eligible for a free lunch drawing when they correctly fill out and return the product and services education quiz featured in Insight Financial's *Goals Gazette*.

But the biggest payoff for employees comes at quarter's end when they go to a meeting to pick up their incentive checks. "The meetings aren't paid but we do have a party to celebrate, and that helps employees at different branches meet face-to-face in a fun, team-building environment," comments Walls. Bridges form between departments and between part-time and full-time employees. Depending on the party's theme, CEO Owen dresses up and facilitates. In 2001, he went as Elvis and John Travolta.

Walls says employees most appreciate the communication and recognition. The credit union has an employee committee that meets monthly to discuss the employee fund, elect the employee of the month from nominations, and plan parties. It also has a quarterly employee newsletter, weekly e-mails, and an intranet to make everyone feel connected.

Walls sums up the program's success: "We all are rewarded together. Either we all make our goals, or we all don't. So there's no, 'Who gets the credit for selling this checking account?' or 'I did \$1.2 million in loans and you closed only \$400,000.' It's all about working together to meet members' needs."

GONE FISHIN'

Some credit unions are looking into FISH!, a program that promises to "catch the energy" and "release the potential." First captured on video by filmmaker and CEO of ChartHouse Learning Corp. John Christensen, FISH! capitalizes on basic principles

gathered from the success of Pike Place Fish Market in Seattle. Christensen observed that employees there were extremely enthusiastic about their job, their customers, and their lives.

The FISH! program, consisting of training videos and two books, has four basic concepts:

1. *Choose your attitude each day at work*—how individual and group attitudes can make the difference between a healthy atmosphere and a "toxic dump."
2. *Play*—how people can make their work and workplace more enjoyable.
3. *Be present*—how to appreciate each moment without being distracted. Focus on one thing at a time, for example, instead of simultaneously talking on the phone and answering e-mail.
4. *Make the member's day*—how employees can better interact with and serve each other and members.

FISH! is a work philosophy that concentrates more on atmosphere/environment as a motivating force and less on bonuses and gifts.

At Matanuska Valley Federal Credit Union in Palmer, Alaska, maintaining an upbeat, productive atmosphere is a key challenge, says Melissa Thompson, human resource and training coordinator for the \$152 million asset credit union.

"The winters here in Alaska can get

UNDERSTANDING THE TERMS

► Regarding motivation, many terms are used interchangeably. An *incentive* is promised in return for a given behavior or outcome. It's a motivating device. A *reward* is given in response to a valued or positive behavior or outcome after it has occurred. *Recognition* can be a reward that singles out an individual or team for greater attention and appreciation.



Employees at Insight Financial CU (formerly Bell-Tel CU), Orlando, Fla., sock-hop their way through a recent staff meeting.

pretty cold and bleak starting in October," says Thompson. Darkness can last up to 19 hours a day. "FISH! has helped boost morale and is just plain fun during those long months."

Thompson became interested in FISH! during a CUNA conference in New Orleans. Upon her return, she and the general manager decided the credit union should try it and were aided by Alaska State Employees Federal Credit Union in Juneau, which had adopted the program. Matanuska Valley Federal formed four teams to each focus on one of the four FISH! concepts.

Each month the teams rotate to a different concept. A voting panel decides which branch has excelled at putting its concept into action and awards it the floating Freedom Fish Trophy. Each branch office also holds internal competitions.

Thompson attributes the program's success to employee creativity and the Guppy Gurus, employees elected by each branch to oversee implementation. Activities to date include giving the person who's most crabby during the day an actual plastic crab; designating an employee island of tranquility in the credit union decorated with a fish motif; and having a fish parade around the credit union's exterior before opening to get employees excited and to attract members. "Some employees even keep small live crabs or fish at their desks to maintain the 'FISHy' atmosphere," adds Thompson.

On a larger scale, the program has encouraged everyone to work together and has forced better awareness of attitudes

toward co-workers and members.

“Basically, we’ve become an example of where huge impact internally explodes into external change witnessed by members and other organizations,” says Thompson. In fact, local businesses have invited her and her co-workers to share their FISH! philosophy experiences.

REFLECT CU VALUES

Thompson’s praise of the program is echoed by Patti “PJ” Johnston, training specialist for Rogue Federal Credit Union in Medford, Ore.

Johnston thinks employees support FISH! because it reflects the credit union’s internal code of ethics. “It was an easy sell,” says Johnston. “We had no problem getting volunteers to help with implementation.”

Management also was supportive. “One day our CEO, Tim Alford, came into a staff meeting wearing a fishing vest filled with Gummi worms, Goldfish, and other little fish motif goodies, which he handed to employees during an informal talk.”

Two underlying Rogue Federal principles emerged from FISH!: Enthusiastically walk the talk, and give members all of your attention.

New employees view training videos, and the staff have created their own videos to drive the main concepts home. Staff make the videos on their own time without compensation. “That’s how enthused they are,” says Johnston. As a result of its incentive programs, including FISH!, Rogue Federal has a high employee retention rate, including front-line staff. Prior to 2000, the credit union’s average turnover rate was 22%. Between 2000 and 2001, it dropped to less than 16%.

The \$240 million asset credit union also has formal employee recognition, sales recognition, cash rewards for reaching goals and good attendance records, and a four-year employee university that supports core competencies and enhances employees’ careers.

LISTEN TO CONCERNS

Potential hurdles exist in implementing an incentive program, as Kit-sap Credit Union in Bremerton, Wash., discovered. The \$470 million asset credit union found some employees

had a “fear of fun”—fear it would undermine needed structure, says Tami MacDermid, training coordinator.

The credit union addressed individuals with similar concerns during its monthly meetings, increasing their comfort level with FISH!, and discovering ways they could contribute.

Credit unions must consider money and policy issues as well, says MacDermid. How much time will you spend having fun? Are employees still aware of basic



Patti “PJ” Johnston

policies and dress codes? Are there cheaper ways to make the work environment fun—to show appreciation rather than giving gifts? “To keep costs low, we were fortunate to partner with Wal-Mart, which donated or discounted fish motif items like tackle boxes, fish crackers, and Gummi worms,” says MacDermid.

It’s important to include staff in developing an incentive program. Credit unions that involve employees in the design, feedback, and implementation of motivational programs ensure buy-in on all levels and ease the road to a more productive work environment. ■

RESOURCES

- Your state credit union league.
- “Managing Through Motivation,” a free e-book about motivating employees from CUNA (download at training.cuna.org/self_study/e_book.html). An expanded version (M35) is available via the MERIT program. For information about the MERIT program or to order the print version, contact your league. Credit unions in Alaska, California, and Nevada can call 800-356-8010, and press 3.
- Experience Learning Live! Catch the Energy! Oct. 5-8, 2003, at the Sheraton Seattle Hotel & Towers. Attendees will experience the FISH! philosophy at Pike Place Fish Market. Go to training.cuna.org/on_site/train_03dev_fct.html.