

“STAKEHOLDERS”

Creating value for owners, managers, other employees,
and most importantly, your customers.

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Second Quarter 2006

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Managing Activity to Drive Results

by Dennis Guida

You’ve probably heard us say “reward for results, not activity”. While we firmly believe this is a must, it’s often misinterpreted as meaning “activity isn’t important”, which is absolutely wrong. So what’s the connection between activity and results? Here’s how I think they’re related:

1) Being active is a prerequisite to accomplishment, but not a guarantee.

If you’ve ever coached or observed youth athletic events, this will make perfect sense. My favorite example is related to youth soccer. If you toss a soccer ball into the middle of a field containing brand new soccer players, they’ll bunch up in a little pack and kick the ball (and each other) with great enthusiasm and energy. However, they won’t come close to getting it near the goal. Therefore, there is a lot of activity that won’t lead to results (goals). Also, they get pretty disgusted with their inability to make a goal after a while. It takes a coach to put them into position and provide appropriate instruction to get them back on track.

You might get a similar reaction from employees who have “worked really hard”, but haven’t seen results on their “STAKEHOLDER” scorecard. Working hard doesn’t guarantee results although it’s a prerequisite. The effort needs to be combined with effective planning and coaching in order to obtain results.

Duke University basketball coach Mike Krzyzewski says “Success is not a matter of just wanting to win. It’s a matter of preparing to win – which is much more important. Now, if you can combine the two, you’re on the right track. But the preparation to win is paramount to future success.” I think he’s right. I also think we need to insure that our employees understand the importance of effective preparation.



2) Measures help us determine whether or not the activity is leading to accomplishment.

The “STAKEHOLDER” scorecards will tell you whether or not your activities are leading to accomplishment (higher scores and payouts). Good scores are an indication that your plans and activities are working...keep it going. Poor scores indicate that your plans and activities aren’t achieving

the desired results, not necessarily an indication of low activity. What typically needs to be adjusted are the plans and activities, not the level of effort.

Additionally, if you allow your employees to work hard and miss targets (indicating ineffective plans and activities) they will eventually get exhausted... just like youth soccer players. Like a good coach, it’s important that good managers work on the individual development of their employees and adjust their tactical plans accordingly. It’s inevitable that plans, tactics, and related activities will eventually change if you’re striving for high performance.

To again quote coach Mike Krzyzewski, “Every long-term strategy must be adjustable, and people on the team must be prepared accordingly. Teach them to adjust.”

3) Managers are also responsible for maintaining focus on the team goals, which includes linking individual accomplishment to team rewards.

The vast majority of “STAKEHOLDER” scorecards reward based on “team” accomplishment (e.g. total organization, branch, or department teams), but it’s imperative that managers set individual objectives that are related to accomplishing the team goals. If you don’t, employees may very well assume that they’re on track to

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Managing Activity continued

achieve more by simply doing the same old things. Managers need to be honest about the level of accomplishment required from each team member to successfully realize the team goals.

Speaking of success, legendary UCLA basketball coach John Wooden defines it as follows:

“SUCCESS is peace of mind which is the direct result of

self-satisfaction in knowing you made the effort to become the best that you are capable of becoming.”

We’re confident that all of you will be successful if you use “*STAKEHOLDERS*” as the catalyst to help all your employees become the best they’re capable of becoming. As Mike Higgins, Sr. would often say, “within every individual there lies significant untapped potential”.

Why Teams Fail to Meet Goals

Adapted from *Managing People at Work*, Professional Training Associates,
2055 W. Army Trail Rd., Ste. 100, Addison, IL 60101.

You meet with team members periodically to set team goals. But lately the team has missed several important targets. Why? Teams usually fail to meet goals for one of the following reasons:

- **Too many goals.** If you come out of meetings with pages and pages of team goals, rest assured that the team will meet few, if any, of them.

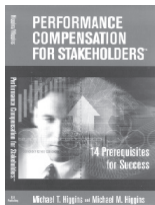
Suggestion: Focus the team’s energy by establishing one or two top goals per week or month. If you call every routine task a “goal,” team members won’t take you seriously. A goal should be a rallying cry for peak performance.

- **Not enough accountability.** Do you set goals but fail to follow up on them? If so, people sense that the goals weren’t all that important.

Suggestion: Once you set a goal, show your interest and concern – which you do without directing the team’s every move. Never set a goal you don’t plan to follow up on.

- **To much forgiveness.** How do you react when team members fail to meet their goals? Do you say, “That’s OK; You’ll do better next time”? If you forgive every failure, you demotivate those members who do meet their goals.

Suggestion: When a team member falls short of a target, find out why. Perhaps the goal was unrealistic or the person needed more time or training. Make sure you didn’t contribute to the person’s failure. Then spell out very clearly what will happen if a team member fails to meet goals in the future.



PERFORMANCE COMPENSATION FOR STAKEHOLDERS™ 14 Prerequisites for Success

by Michael T. Higgins and Michael M. Higgins

Why Traditional Compensation Methods Fall Short

In the last century, the world has gone from being an industrial economy driven by manual labor to a global economy driven by information. Yet, little has changed in reward compensation methodologies since the Industrial Revolution.

In their book *PERFORMANCE COMPENSATION FOR STAKEHOLDERS™*, 14 Prerequisites for Success, the authors relate a state-of-the-art method for performance management. The “*STAKEHOLDERS*” premise is as simple as it is effective: Total employee compensation must be tied to performance if businesses are to maximize their potential.

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PERFORMANCE COMPENSATION FOR STAKEHOLDERS™

14 Prerequisites for Success

by Michael T. Higgins and Michael M. Higgins

The following was taken from Chapter 4: Tenets for Maximizing Human Potential

Maximizing human potential is based on twelve prerequisite tenets that relate to expectations and standards of performance. The first four tenets are:

1. **Untapped Human Potential.** One group of human behavior specialists concludes that the human being utilizes only 11% of their intellectual capacity. Another group takes great exception to those conclusions. Rather, they conclude that we humans use only 3% of our intellectual capacity in the contribution to our environment. The ultimate result of improving each individual's contribution lies in improving their understanding about what and how they can contribute, i.e., improving the utilization of their intellectual capacity. That will not only benefit the organization, it will contribute to each individual's self-esteem, their job satisfaction, well being, their spirit, and their morale. It will create an enthusiasm about making a contribution.

One of the great stories that reinforces our untapped potential begins during the depression when a young Ph.D. candidate, majoring in mathematics, was about to graduate. There were no jobs for Ph.Ds, so he could see himself in the soup line. However, the person who received the highest marks in the mathematics final examination would be given a job as an assistant to the professor. The test had eight problems, which he solved. Then he noticed two additional problems on the board. "I couldn't get one, so I switched to the other, and I couldn't do that, so I went back to the first. The bell rang, so I asked the professor for more time."

"Finally, I solved one problem, but I couldn't solve the other one. I put the paper on the professor's desk and left. I was so depressed."

A couple of days later the professor stopped by the student's apartment and announced, "you made mathematics history! The eight problems on the test, you took them and solved them all. But the two problems on the board were not part of the test. Before you arrived on test day, I handed out the test paper and said to the class, 'The rest of your life, if you want to have a little fun with mathematics, keep playing with these two classical unsolvable problems.' And I put those on the blackboard. Even Einstein to his death played with those two and couldn't solve them. You solved one. And I'm here to tell you that you have a job starting next week as my assistant."

The student later admitted, "If I had known that they were

unsolvable problems, I could never have solved one."

People's untapped potential is beyond comprehension. It lies dormant in each and every individual in each and every organization, waiting to be found.

I have visited with many company presidents who are rightfully proud of their organizational achievement, many who are performing in the top 10% of their industry. Some even observe that their performance is consistently above the expected and conclude that they really don't have much untapped potential to realize.

That always reminds me of the factual story dating back to the late 1800s when a bill was introduced in the Congress to eliminate the U.S. Patent Office because... "all of the great ideas have already been invented."

2. **Enthusiasm.** People will become high performers only if they have reason to become enthusiastic about their workplace. Enthusiasm for the workplace is prerequisite for people to create the opportunity to realize their potential, that is, to become what they have the capacity and the desire to become.

3. **Management's Responsibility.** It is management's mission to create a working environment where people are as enthusiastic about coming to work in the morning as they are about going home in the evening.

4. **Focus.** Les Brown, a very talented, motivational speaker has noted that 'most people go through life *un-thinkingly*.' He relates "unthinkingly" to driving home from work-all of a sudden you are in your driveway and you don't even remember the time expended since you left the office because you have proceeded "unthinkingly." You arrive at a predetermined destination more as a *result of habit, than focus*. In order to maximize our potential, it is important to be consciously *aware of everything we do and to rid ourselves of the habitual unthinking process*. We must always proceed with purpose. Clarity of purpose is what focus is all about and it requires unrelenting focus by everyone in the organization.

The way to get people out of working "unthinkingly" is to give them direction and clarity of purpose. First, we must give them the focus, then meaning or purpose, and then convince them that they can make a significant difference.

To order copies of *PERFORMANCE COMPENSATION FOR STAKEHOLDERS™* please see page two.



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