

“STAKEHOLDERS”

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

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www.mhastakeholders.com

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Are You a STAKEHOLDER or a Placeholder?

by Mike Higgins, Jr

With the passing of each year, I become more convinced that “STAKEHOLDERS” is 90% attitude and 10% effort. If you do not walk in the door with the right attitude each day, you will not put forth the effort required to be successful with “STAKEHOLDERS”.

So, what is the right attitude? Let me give you a few examples to drive home my point.

STAKEHOLDER: Understands that “STAKEHOLDERS” is an invitation to succeed. A clear set of objectives and predetermined rewards are in place. All that is required to realize those rewards is a little bit of effort.

Placeholder: Understands little or nothing about “STAKEHOLDERS”, for that would require effort.

STAKEHOLDER: Has a desire to learn what each key performance indicator is and how they can impact each in their day to day lives.

Placeholder: Has a desire to first make it to lunch hour, and then make it to quitting time. Learning something outside of their current job description is just too complex.

STAKEHOLDER: Has referred people to a “good place to eat” a number of times when asked. Has referred people to their own organization because they know it is a “good place to get financial services.”

Placeholder: Has referred people to a “good place to eat” a number of times when asked. Has never thought of referring people to their own organization for financial services.

STAKEHOLDER: Knows that no single person “controls”



anything; however, understands that anyone can “influence” everything and it is the sum total of everyone’s influence that drives results.

Placeholder: Does not understand how to “make a difference” and therefore feels the key performance indicators are entirely out of their control, and should therefore, be ignored.

STAKEHOLDER: When a key performance indicator is not performing well, asks “why” and wants to know what can be done to help improve it.

Placeholder: When a key performance indicator is not performing well, gives up and figures it is just management’s way of avoiding paying bonuses to staff.

STAKEHOLDER: Happy to assist customers with a challenging problem or situation. Realizes their role is to help people meet their needs.

Placeholder: Thinks that if there were no customers, their life would be so much easier.

STAKEHOLDER: Understands the reward pool is self-funded through results (growing balance, selling fee-based products and services, managing rate, asset quality and expense).

Placeholder: Thinks the reward pool should be based upon the number of times they show up to work on time.

STAKEHOLDER: Realizes that sometimes good things happen and sometimes bad things happen. When good things happen, the reward pool increases and when bad

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things happen, the reward pool decreases. “*STAKEHOLDERS*” are treated just like owners.

Placeholder: Takes credit for every good thing that happens and wants the budget revised every time something bad happens.

STAKEHOLDER: Thinks selling is simply helping people with their needs. It’s not selling, it’s helping.

Placeholder: Is afraid of helping people (i.e., selling).

STAKEHOLDER: Three words: YES I CAN (make a difference).

Placeholder: Three words: I WILL NOT (make a difference).

All kidding aside, who you choose to fill your team with will determine your level of success.

As a coach or a leader, I ask you to do the following:

For one week, pay close attention to the employees you interact with in other organizations. Ask yourself, are they a STAKEHOLDER or a placeholder? Do they have a STAKEHOLDER level of intensity and desire to meet your needs knowing that they make a difference? Or do they exhibit the qualities of a placeholder, hollow and distant, doing just enough not to get fired, simply a cog in the wheel of a machine that is making money for someone else.

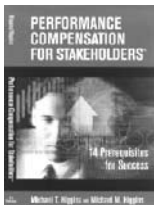
If you start paying attention, you will see what I mean about the difference between a STAKEHOLDER and a placeholder.

Never Stop Recruiting the People You Work With

Adapted from the Smart Business Supersite

The best managers realize that they are in the recruiting business – even if they have nothing to do with hiring employees. That’s because they know that if they want to *retain* employees, they have to constantly *recruit* them. Use these tips to help you develop a recruiting mindset:

- Put employees’ needs to work. In order to recruit your employees, you first have to understand their needs and motivations. Why do your employees do what they do? What drives them? What are their basic needs? Put these elements to work in your recruiting efforts.
- Match interests with work that needs to be done. Don’t try to jam your workers into jobs that don’t suit them – just because you need the work to get done. Find perfect fits, and watch turnover disappear.
- Judge people on their best days. Many managers do the opposite: They pass out judgment based on an employee’s *worst* day. If you believe in your employees, they will be more likely to stick around when they get another job offer – and your best employees *will* get another job offer.
- Recruit from all departments. Are there people in other areas of the company whose abilities you could use? Always be on the lookout for talent and ideas from all parts of the organization.
- Never use guilt to motivate people. This tactic may work in the short term, but it will eventually drive people out of your organization.



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.

**NOW AVAILABLE – \$15.00 for clients
and \$19.95 for non-clients,
plus shipping and handling.**

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Personal Development Assessment

by Angela Beckman-Smith

Many of our clients have asked us to recommend tools to help them manage employee performance. One such tool that we have available on our website is the Personal Development Assessment (PDA). The PDA is an employee evaluation system that includes the option of varying payouts based on individual performance.



The PDA works as follows. Each individual completes a self assessment portion of the PDA. Each manager also completes their own assessment of each employee. Then the assessments are reviewed in a meeting between the individual and the manager to discuss and come to an agreement on the rating of each assessment category. The assessment categories include, but are not limited to, job performance, communication, interpersonal skills, participation, and commitment and understanding of the “STAKEHOLDERS” scorecard. Each personal area that is being evaluated will be rated as follows: 1: NMI (Needs Major Improvement), 2: NSI (Needs Some Improvement), 3: ME (Meets Expectations), 4: EE (Exceeds Expectations, 5: SEE (Substantially Exceeds Expectations). Ratings of 1,2,4, or 5 must be backed up with examples of individual supporting behavior to justify the assigned rating. Therefore, only a rating of 3 would result in no explanation.

Next, add up how many of each rating the employee received and then divide by the number possible to find the weighted average rating. The following is an example:

Rating	Points		# of Ratings		Score
SEE	5.00	X	2	=	10.00
EE	4.00	X	5	=	20.00
ME	3.00	X	15	=	45.00
NSI	2.00	X	5	=	10.00
NMI	1.00	X	0	=	0.00
Total			27		85.00

Weighted Average Rating: $85.00/27 = 3.15$

“STAKEHOLDERS” has allowed us to elevate member service to the next level by creating an environment where the employee has a true vested interest in providing superior member service. ‘Train well, expect more, provide the necessary tools and have fun’ is our formula for success. “STAKEHOLDERS” has been part of this success.”

Walter Bobesky, President and CEO
SECNY Federal Credit Union, Syracuse, NY

Each rating will then be translated into a multiplier, as per the following.

Description	Range	Multiplier
NMI	1.00-1.99	0.00
NSI < 50% of time	2.00-2.49	0.33
NSI 50-85% of time	2.50-2.85	0.67
ME	2.86-3.14	1.00
EE 15-50% of time	3.15-3.50	1.05
EE > 50% of time	3.51-4.24	1.15
SEE	4.25-5.00	1.30

Therefore, the employee example above who scored an average rating of 3.15 would use the multiplier of 1.05. Now assume that the scorecard showed a reward pool of 10% of salaries for everyone in the organization, this employee would receive 10.5% percent of salary as their bonus due to their positive evaluation. The following is the payout example.

Ave Rating	Multiplier	Reward Pool	Reward
3.15	1.05 X	10.00%	= 10.5%

Therefore, this employee is receiving a half of a percentage point based solely on their own performance. The other 10% is coming directly from the scorecard.

To download the PDA, please refer to our website at <http://www.mhastakeholders.com/Clients/default.htm>.

MHA UPDATE

Esther Viveros, our consultant who works out of our Kansas City office, will be leaving us on October 6, 2006. Esther’s tremendous contribution to our company will be missed. We wish her the best in her future endeavors.

Lisa Ficara, who started with us two years ago as an intern and joined us last year as an Associate Consultant, has been promoted to the position of Senior Consultant. Lisa works out of our Orange County, CA office and can be reached at lisa@mhastakeholders.com.

Angela Beckman-Smith in our Kansas City office, who has been with MHA since 1999, has also been promoted to a position of Senior Consultant. Angela can be reached at angela@mhastakeholders.com.



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Lewiston, ID

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