Leveraging Individual Potential to Optimize Recruiting and Retention and Dramatically Impact Your Bottom Line

_____

The New Paradigm of Harnessing Tangible Results From Intangible Elements

A Make Your Business BOOM! Inc. Executive White Paper
May 2008

TABLE OF CONTENTS

Introduction

According to the PriceWaterhouseCoopers *2007 Trendsetter Barometer*, the two largest issues facing businesses are finding qualified workers and then keeping them.

In today's business world, no company would argue that they do not want to optimize their recruiting and retention methods. To turn this dream into reality requires organizational flexibility, owner/shareholder trust, and executive commitment. After all, without these factors, even the best designed plans will fail to make it off the drawing board.

NOTE: You will notice in this paper that we do not use HC (Human Capital) to describe employees and their situation. This is done purposely. We have found that labeling employees as a group, HC, results in objectification of the employees and the perception of them as an inanimate resource. This misperception, though slight, interferes with the clarity needed to understand and appreciate our findings and recommendations.

Recruiting Challenges

The current issue in recruiting can best be described as a "burning the candle at both ends" problem. On one end we have Baby Boomers who are looking to retire now or in the near future. On the other end we have Generation X and Y applicants who are either unqualified for the position they seek or who want a virtual "king's ransom" if they are qualified.

49% of CEOs are concerned that a shortage of qualified workers could limit the growth of their company in the year ahead. *-PriceWaterhouseCoopers, 2006 Study*

There is, also a third "flame" in this candle that is all too often being ignored. That would be the employees in the middle. Since management is distracted with trying to handle the Boomer/X-Y employment issues, the employees who are in the company now, in between these two extremes, can start to feel truly ignored, which leads to even more employee turnover.

This predicament can quickly overwhelm companies, management and profits.

83% of CEOs believe that the workforce is the single largest expense for their businesses. *-PriceWaterhouseCoopers, 2006 Study*

The standard recruiting operating procedure has been to ask people what they want and then to try and give them as much of that as is feasible given costs and logistics. Simply, companies have been applying a cost/benefit approach to hiring, with ever diminishing results.

Yet, despite the fact that these methods do not work as desired and produce poorer results as time goes on, most companies have been lax in trying or applying new approaches to the recruiting challenge.

"Management has a lot to do with answers. But leadership is a function of questions. And the first question for a leader always is: 'Who do we intend to be?' Not 'What are we going to do?' but 'Who do we intend to be?'" **– Max DePree**

The key question that has been overlooked in all this is not "what do they want?" but "what do they want TO BE?"

What Gen X-Yers seek, as well as every other applicant for that matter, is joy.

The Gen X-Yer believes they want money and, in some form or other, power. They consciously seek pleasure in the forms of status or possessions.

Pleasure, as most psychologists and philosophers could tell you, is short term and does not last. That is why 46% of new hires leave their jobs within the first year[1].

The average Gen X worker in his 20's stays at each job for only 1.1 years. *-Researchers Charlotte and Laura Shelton, October 2005*

So, the question then becomes, why do we continue with the method of giving X-Yers what they ask for in order to get them to join? The answer is simple: Marketing.

Over the past few years, as recruiting has become more difficult, there has been a push to use marketing methodologies in the search for talent. The most basic tenet of marketing is 'find what the customer wants and then give it to them.'

This is fine for driving sales to outside customers, who may seek pleasure from our goods or services but who, ultimately, seek their joy somewhere else. However, as a methodology to attract employees who will spend most of their waking hours with us, and who will want to experience joy during those hours, this method falls short.

The Joy of Work

"Enjoyment…is not always pleasant, and it can be very stressful at times. A mountain climber, for example, may be close to freezing, utterly exhausted, and in danger of falling into a bottomless crevasse, yet he wouldn't want to be anywhere else." - **Mihaly Csikszentmihalyi**, *Good Business*

So how do we entice would-be employees with joy? And how do we use it to retain an employee once they're onboard?

In order to answer these questions, we must first understand joy and how it is created. Only then can we hope to foster and harness its potential.

Joy, n., 1 a: the emotion evoked by well-being, success, or good fortune or by the prospect of possessing what one desires b: the expression or exhibition of such emotion 2: a state of happiness or felicity 3: a source or cause of delight

As its definition implies, joy is an intangible experience that is unique to each individual. Therefore, we cannot stock up on it and give it away like executive pen sets, gym memberships or company cars. Surely these perks are appreciated by the recipient, but they are merely commodities to be used, and lack any joyous energy in and of themselves.

This being the case, the only way to get joy is to facilitate it by creating an atmosphere where people have the opportunity to create their own joy.

After working with numerous companies, business owners, executives and entrepreneurs we have found that joy, especially in work, is created by challenge. The human mind enjoys puzzles to solve and human emotions are elated (joyous) during the search for answers.

This understanding along with our other research has lead to the creation of the Confidence and Mastery principle. We have found that success in business is governed by two factors:

1. The level of a person's Confidence in themselves, and
2. The level of a person's Mastery of business skills.

The leverage point in the principle is that one factor will ultimately increase the other. The more confident you are, the more confident you will be in your skills and they will consequently improve. The more you master business skills, the more confident you will feel in yourself.

According to an Accountemps 2005 study, 31% of managers say if they could have one wish at work, it would be to develop a new skill.

When optimized, this process creates ongoing growth in individuals, then teams, then departments and, ultimately, organizations. In short, Confidence and Mastery feed each other infinitely.
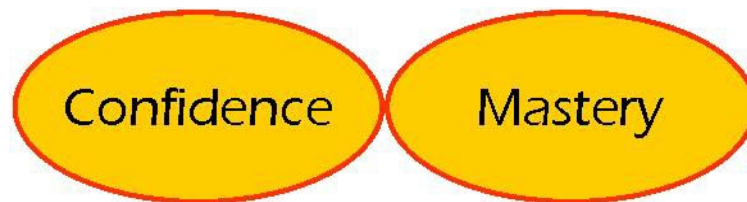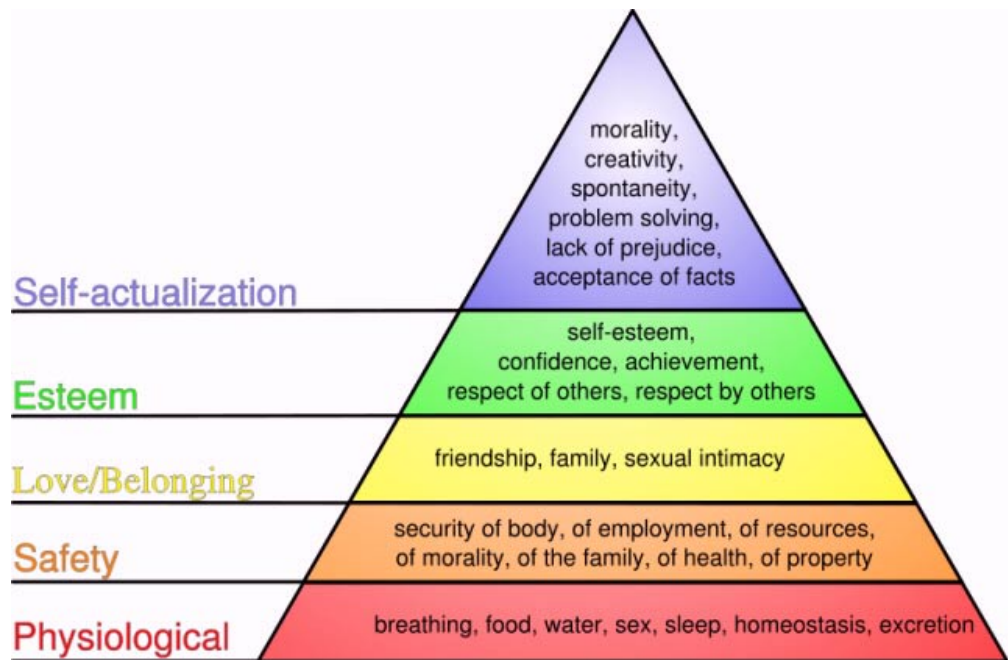

In order for Confidence and Mastery to flourish, there must be continuous personal and professional challenges to overcome. Since challenges are also the catalyst of joy, it is simple to conclude that:

The Pursuit of Confidence and Mastery = The Opportunity for Joy

Maslow and the Endless Flow

So the best perk you can offer a would-be employee is the opportunity for joy through the pursuit of confidence and mastery in the context of your business. Now, this does not mean that you can pay half of what your competitors are paying or expect 20 hours more work from people than is reasonable….or can you?

Let's examine the end result of the confidence and mastery process to find out.

A pyramid diagram of Maslow's Hierarchy of Needs:
- **Self-actualization**: morality, creativity, spontaneity, problem solving, lack of prejudice, acceptance of facts
- **Esteem**: self-esteem, confidence, achievement, respect of others, respect by others
- **Love/Belonging**: friendship, family, sexual intimacy
- **Safety**: security of body, of employment, of resources, of morality, of the family, of health, of property
- **Physiological**: breathing, food, water, sex, sleep, homeostasis, excretion

According to Abraham Maslow's *Hierarchy of Needs* the highest level of human desire is self-actualization. The lower four levels (Physiological, Safety, Love, Esteem) are referred to as the "deficiency" levels. This means that people seek the fulfillment of the lower four levels driven by feelings of lack.

In order to acquire the resources to fill the "lack" they sense, people turn to work and social pursuits. When people seek work they use standard processes. And during their search they meet with companies that are also using standard processes.

In essence the process is that Company A has an "opening." It circulates its pre-built job description to find someone to "fill" the opening. Candidate B sends his resume to Company A, who sees the potential for a "fit." Company A calls Candidate B in for an interview. If Candidate B has enough of the perceived qualifications, seems nice and does not cost too much he will most likely get the job.

In this model, the company is seen as a machine into which new pieces can be "fitted" when other pieces are removed. This model paints a picture for the candidate. He can see his potential, which is automatically limited by the size and structure of the company. Even if he makes his way to the top of the company he is still limited to the boundaries of the company.

This brings up the point of how most companies limit themselves in the search for standardization of processes. We do not have the ability in this white paper to fully discuss this topic. However, it is suffice it to say that when you can offer a candidate a true opportunity to "write their own ticket" and mean it, your company will automatically bypass the "deficiency" levels and speak directly to their highest desire of self-actualization. You are virtually speaking to their soul. This will put you in the lead over other companies.

Once a person has the opportunity for self-actualization they will devote more of themselves to that pursuit and spend more time doing it because for them it is fun. If they have the opportunity to actively affect the company, help increase profits and share in that increase, they are more likely to accept a lower starting salary.

In short, creating an opportunity for self-actualization will make prospective employees accept less and give more up front because there is more for them in the long run. And as long as this opportunity exists, it will be very hard to entice the employee to leave for another company, which drives up retention.

"Self-actualization equals job satisfaction." **– Erik Luhrs**

Once the company has created a reputation for being an exceptional workplace that fosters continuous development in its employees, it will become flooded with qualified applicants wanting the opportunity to express their highest talents.

Putting It into Play

The first step starts with the company as is. The facilitation for self-actualization can only be fostered in a company that is truly committed to it…for every employee.

The following questions must be answered with a resounding YES by all stakeholders before you can hope to create a company that will draw – and keep - talent like a magnet:

1. Do you believe in creating a context for creativity instead of a context for control?

2. Do you encourage mistakes so that people can learn?

3. Have you created a loose framework so that the company can grow organically from within instead of creating strict guidelines that must be rigidly followed?

4. Can you truly trust your employees even when you're not seeing immediate results?

5. Do you understand that there is no right or wrong way to build a business, only what works?

6. Can you allow your employees to create, maintain and recreate their work environment as it best serves their needs?

7. If your industry dried up tomorrow, would you stick with your team trusting that together you'd find a new and better business?

If you answered "no" to any of these questions, that is okay. You seek to create a business that is controlled and structured so that people can be easily replaced. There is nothing wrong with this system. It has produced many world class companies, such as McDonalds. However, this model will never attract people looking for joy. It will only attract people looking for a wage.

The second step in facilitating joy through the pursuit of Confidence and Mastery is to gauge where an individual currently rests in terms of their own levels of confidence and mastery. Only then can you know what they bring to the table and what will be needed for their development.

At www.MakeYourBusinessBOOM.com you can access a complimentary Confidence and Mastery Assessment. It consists of 25 questions. Once completed, you will receive a breakdown of your answers as well as rankings in the four Success Quadrants.

The Success Quadrants

If the primary quadrant has "Fearful" in it, then personal development work, most likely through coaching is needed.

71% of human resources managers say businesses are embracing formal coaching as an employee-development method. *-Society of Human Resource Management, April 2006*

If the primary quadrant has "mediocre" in it, then business skill development, most likely through consulting or training is needed.

63% of CIOs say they're providing professional development opportunities to retain their best people. *-Robert Half Technology, March 2006*

If the primary quadrant is Confident and Masterful, then you can rest assured that you have found someone with great potential who will benefit from all types of development work.

Cascading Effects with Measured Results

At this point you might question if the effort is worth it. You might think that designing a business that caters so much to the employee is doomed to be used up and spit out by the employees with little regard for the needs of the business and its stakeholders. Perhaps you think it is easier and better to stick to the cost/benefit model of recruiting and retention.

According to a recent study by the Families and Work Institute published in the *National Study of the Changing Workforce* (the most comprehensive research ever conducted in this area), they determined that *Earnings and Benefits* have on only a 2% effect on job satisfaction!

On the other hand *Job Quality*, *Workplace Support* and *Individual Variability* (all factors created by the model we've outlined) have a combined 95% effect! That equals a 47.5:1 ratio of effectiveness over the cost/benefit recruiting and retention model.

Factors Effecting Job Satisfaction
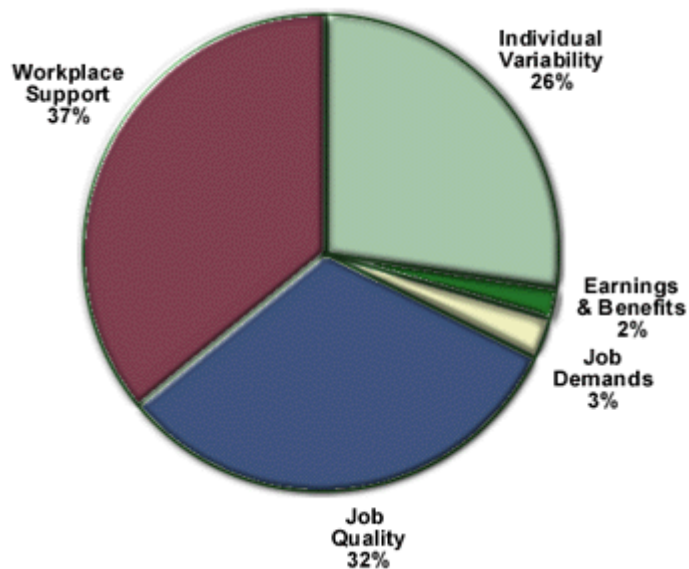
Next question: How does this impact the bottom line?

A recent survey, conducted by the Gallup organization looked at the *Impact of Employee Attitudes on Business Outcomes.* They found that organizations where employees have *above average attitudes* about their job (i.e. high job satisfaction) saw many positive results including:

- **38% higher customer satisfaction,**
- **22% higher productivity, and**
- **27% higher profits.**

Summary

As this paper demonstrates, bypassing the conventional wisdom and methodology of recruiting and retention, and implementing a system driven by improving business skills and personal performance will greatly increase this section of your human resources program.

In the end, facilitating joy and self-actualization, through the pursuit of Confidence and Mastery, in your business not only creates an easier recruiting and retention method, but also affects the performance of the whole organization. It also positively impacts the bottom line and increases shareholder value.

Authored By
Erik Luhrs
CEO, Make Your Business BOOM! Inc.

For More Information Contact:
Make Your Business BOOM! Inc. / Worldwide Headquarters
21 Western Avenue, Suite B
Butler, NJ USA 07405
877 801 1035 (toll free)
Info@MakeYourBusinessBOOM.com
www.MakeYourBusinessBOOM.com

Information and Statistic Reference:
[1] eBullpen, September 2006

About Make Your Business BOOM!

Make Your Business BOOM! Inc. is the fastest growing Business Optimization firm in North America. We provide comprehensive solutions for business growth and management.

The Confidence and Mastery System is the backbone of what we do. It can be used in all areas of a business to optimize every aspect. Truly, this methodology is far reaching and can help a company:

- Accelerate Business Growth.
- Improve Effective Communications.
- Streamline Costs, Efficiency and Productivity.
- Foster Creativity and Innovation.
- Find and Develop Better Leaders.
- Reduce Management Tasks and Stress.
- Build Stronger, More Committed Teams.
- Enhance Marketing, Sales and Public Relations.
- Drive-Up Profits despite Economic Conditions.
- And Much More.

Make Your Business BOOM! Offers multiple methods for utilizing and implementing the Confidence & Mastery System in a business:

- Our Hybrid Business Consulting & Performance Coaching for Business Owners and Executives
- Transform Now Training™
- Seminars and Workshops
- Information and Training Products

If you're interested in learning more about the Confidence and Mastery System and how to implement it in your company, please contact us.