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A New Way to Think About Employees

by John Durel

Employee issues are among the most vexing problems any CEO faces. They are especially difficult because they involve human feelings, and because they consume so much time. The concepts presented in this briefing offer a new way to conceive of the relationship between your organization and its employees. Putting the concepts into routine practice can forestall crises caused by the sudden departure of valued staff.

In considering the resources available to achieve your organization's purpose or mission, you probably think of monetary, physical and human resources. Some combination of the three will enable the organization to produce products and services for its constituents. You spend your days (and nights) trying to acquire adequate resources for the tasks.

Human Resources

This designation implies that employees, like money and physical equipment, are resources to be acquired, nurtured, developed, and potentially expended. When things are going well financially, human resources are nurtured. When things are not going well, human resources are reduced (a.k.a. laid off.)

Employees as Investors

There is another way to think about employees. Just as share holders in a business, and donors in a non-profit, "invest" money to underwrite the work of an enterprise, so employees invest time, energy and expertise. Their investment helps to create a source of wealth for the business, and a means to achieve the mission in the non-profit. In this view, employees are not subordinate to the organization, hired to get a task done. Rather they are investors, putting up their own resources in order to achieve a goal they cannot achieve individually.

Thinking of employees as investors may clarify some of the difficulties you face in managing your staff. In the past, under a top-down, industrial model of management, employees took direction, did a job, and received money in return. In today's workplace, employees - whose key value to the organization is their knowledge - expect a greater role in decision making. They want to work in peer relationships, where they contribute ideas and knowledge, and not just time and brawn.

Many organizations, paradoxically, highly value an employee's knowledge, and yet continue to use the industrial model of management. Long established personnel policies, bureaucratic assumptions, and inertia make it difficult to re-conceive, let alone re-invent, the relationship between staff and the organization. Employees are hired for their knowledge, yet they are told what to do and not to do. They quickly sense the inconsistency. Institutions that adhere to the hierarchical, authoritarian model will lose valuable employees, who will choose to invest themselves where they have more control over their own work and greater influence in the whole organization.

Return on Investment

In the industrial model, there is little relationship between what an employee invests and what return she receives. The bulk of the return comes in the form of salary and benefits, which has slight relationship to the value of the investment to the institution. Performance reviews sometime yield a raise or bonus, enhancing the employee's return. Unlike businesses, which can give employees stock options to significantly increase their financial return, non-profits usually can offer little in the way of financial rewards.

In addition to money, people value recognition. Bob Nelson, in *1001 Ways to Reward Employees*, has found many inexpensive ways to recognize the contribution an individual makes to the success of an organization. From personal notes from managers about good performance, to elaborate formal recognition programs, these ideas can help a director find ways to acknowledge the investment employees make. However, if not thought through carefully, there is a danger that such reward and recognition systems will be viewed as merely a cheap alternative to well deserved salary increases. And rewards which may work for some employees may be viewed by others as insignificant or even insulting.

In the new way of thinking, the organization views reward and recognition not simply as a gift or as a motivation, but as a dividend the employee earns on his investment of time and talent. If the return on investment is deemed valuable by

the employee, then he will increase his investment. If it is viewed as having little or no value, he may well look for another place to invest his energy. This may be another job, or it may be in other activities at the expense of his current job. Excessive sick leave, numerous extended personal phone calls, or unrestrained office gossip may be simple manifestations of an employee's feeling that the rewards are inadequate.

To determine an appropriate way of acknowledging and rewarding an employee's investment, the CEO must answer two sets of questions.

- First, what is the value of the investment to the organization? To what degree does the employee's contribution enable the organization to fulfill its mission and achieve its goals? Obviously, the greater the value to the organization, the greater the reward should be for the employee. For ways to answer these questions, see the briefing: "Measuring the Value to the Organization of an Employee’s Contribution."
- Second, what does the employee need and value? What kind of reward would be most appreciated and useful, enabling and inspiring the employee to increase his investment in the organization? Read the briefing "What Employees Need and Value."