

October 2007

## The Desired Outcome

### This Month: Leadership and Loyalty

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#### YOUR BUSINESS

## Loyalty, expected or earned?

One thing that always fascinates me is how the leadership team in a business views the loyalty of its employees.

There is no debate that management teams want loyal employees, but there is a huge difference of opinion as to why employees should be loyal, and an equally broad range of behaviors, good and bad, that I have seen attempted to inspire and maintain loyalty.

In technology, where I have spent most of my career, I have also seen an evolution:

20 years ago it was: "Join the company, you will work round the clock for very low pay, and then you'll get rich on stock options." Loyalty was not a primary issue, it was built into the deal.

Now, since the "bubble", it's more like: "Join the company, we'll pay you a fair cash compensation, give you some equity with a possible upside, and then we need a way to keep you motivated other than the promise of getting rich but we don't really know what that is so please keep working really hard while we figure it out."

Even in non-technology companies, the concept of employee loyalty is being challenged as no one expects that they will have a stable job for life anymore. Where loyalty used to be given in exchange for a paycheck and long term security, companies now need to find new ways to inspire it.

#### **These days people give their loyalty only for real and personal reasons.**

It can't be bought or coerced. There has to be something that is meaningful to the person as a human, that will cause them to grant you their loyalty.

I still see some management teams that "expect" loyalty in exchange for a paycheck. If you want it, you'll need to earn it. So are you expecting loyalty or earning it?

#### **Clues you are expecting loyalty:**

- ❖ If you learn that a top performer is at risk, and your only thought is to give them more money.
- ❖ If you are told that your employees are unmotivated, and you are annoyed by that news.
- ❖ If you are aggravated when your employees don't seem to "get" the company strategy.
- ❖ If you ever say, "we pay them to work here, what are they complaining about?"
- ❖ If you ask people to work evenings and weekends and you don't know their names.
- ❖ You avoid answering employee's tough questions head on, or you keep changing the answers.

- ✦ You tolerate poor performance with no consequences.
- ✦ If you have ever kicked off a "morale improvement initiative".

### Clues you are earning loyalty

- ✦ You know who your top performers are and have special development and mentoring programs in place for them.
- ✦ Your top performers are asking for promotions and new projects, not money (and not threatening to leave)
- ✦ You have time committed on your calendar to communicate the company strategy and plan with employees at all levels.
- ✦ You proactively address tough issues head on, and acknowledge the concerns of your employees.
- ✦ You deal with the people who are sucking life out of the organization or are not delivering.
- ✦ You know the names of people who go above and beyond their job, and you thank them personally.

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## YOUR PEOPLE & COMMUNICATIONS

# Love, money, torture, and other approaches

### To Be or Not to Be an Asshole:

It is required? There are mixed opinions.

This "leadership approach" works when the company is on an undeniable winning streak and people are getting paid very well. The deal is – I treat you like crap, but I make you rich. You do what I say, and you get a big payoff.

There are some world-famous, spectacularly successful assholes out there, and I would never begin to argue with their success. But what want to say is that:

- 1) You CAN achieve a great deal of success without being an asshole.
- 2) The alternative, positive approach works well in a wider range of situations
- 3) The alternative, positive approach gives you a broader canvas to inspire loyalty, where the former typically employs only "command and control", and money.

### What works?

So without going out on a limb too far, I can say that the most reliable way to engender loyalty, which works under any business conditions, is to

**create an environment where people want to be, and use techniques other than money to genuinely earn their loyalty.**

Here are a few things that work, other than money:

- ✦ Ask
- ✦ A mission
- ✦ Truth and Integrity
- ✦ Authentic Leadership
- ✦ Recognition and Appreciation
- ✦ Development
- ✦ A reason

### Ask:

One of the best ways to inspire loyalty is to give people what they want.

And the only way to do it is to ask them what they want. I'm amazed at how often managers overlook this step, and make assumptions instead.

My favorite question is: As your manager I am going to worry about you. When I worry about you, what should I worry about?"

You will be amazed at the answers. Don't assume you know that it's money or a promotion.

More often than not you can do something that really means something to the person and doesn't cost money. One time the answer to this question was about spending time with a sick parent. I gave that person some flexibility (no cost) and they became loyal for life.

### **A mission:**

There is nothing more inspiring to people than a clear mission and a winning game plan.

The trouble arises when companies either don't have a clear mission or winning game plan, or they do, and they forget to tell the employees about it.

When people know that what they are doing matters, and how it fits into the overall game plan they are highly motivated -- and it breeds loyalty.

Here are some thoughts:

If you don't have your mission clearly articulated, do it. Many executives rebel against this "mission statement" exercise as a waste of time, and it is a waste of time if you manufacture something that is not real, and that no one really cares about.

### **The trick is to actually care!**

You don't need to call it a mission statement, but you do need to say what you care about.

If you can articulate what it is you really care about it becomes a very real and powerful tool to inspire your employees. Why you are in this business? What really matters to you about its success? Why do you as a human choose to spend your time in this business? What does winning look like? Why is it exciting to win? Why is it important to the world? What is "in it" for everybody involved?

### **Truth and integrity**

The words seem trite. Of course people like integrity, but employees as a population demand it at a significant level, and really notice when it's missing.

So often I see senior leadership teams, going back and forth on decisions, obscuring the reality, not addressing issues head on, spinning positive news instead of telling the truth, not addressing performance issues, or simply not communicating at all.

Employees notice everything. They notice what you say and what you don't say. They notice which rooms you go into with which people, and how long you spent in there. They remember what you said last time.

Integrity is about committing to be straightforward, telling people what they need to know, and managing consequences and rewards in a way that makes sense to them.

These things will all inspire loyalty, because people want to be in an environment where they know what they can

expect, and where they can count on fairness, and open communication.

### **Authentic Leadership**

This is an area that I often talk about so I'll address it briefly here. Know yourself, know your sweet spots in terms of strengths, values, and skills, clearly define that sweet spot -- and then focus on it, and use it in all you do.

People will love you for being yourself, and if the self that you choose to be is based on your strengths, it will be no problem to maintain it and do it consistently.

That's where loyalty comes from.

Consistency more than anything gives people a sense of comfort, and comfort fosters loyalty.

### **Recognition & Appreciation**

Letting people know they are appreciated is a remarkably overlooked technique to engender loyalty.

When I was running a large organization, at any point someone on my staff could call me to tell me about something great an employee anywhere in the organization did, and I was committed to make a phone call or write a hand written thank you note to that person with 24 hours.

It makes a huge difference.

### **Working hard and getting paid, vs. working hard, getting paid and getting thanked are in different leagues.**

Again, it sounds trite to include this, but in my experience an observation it is far from being a regular practice.

A sincere "thank you" goes a long way to build loyalty.

### **Development**

The last thing that a high performing person wants, is to be asked to do more of the same forever after. Although it would be nice to preserve the work output of this person forever, if you want motivation and loyalty you need to offer development opportunities to people.

Many managers struggle with this because they don't see the next job for the person being available in the company, so they shy away from development discussions.

Development is not only about the next job, there is a broad array of personal development, cross functional projects, and next level experiences you can give someone even if you can't give them a bigger job.

Find out what is important to them and help them get new experiences they will enjoy and personally benefit from.

You will keep talented people motivated by helping them grow.

### **A reason:**

Let's face it, not all businesses have a winning game plan. Some businesses are doomed.

I have been at the helm of several turn-arounds and had a lot of opportunity to learn about earning loyalty in a bad situation.

Here the trick is to give people reasons why this is valuable to them personally, even if it's not a winning business:

**Succeeding in a successful business is not as impressive as succeeding in a troubled business.**

It's great career development.

You build much stronger and highly differentiated interview stories when you have been through hell, then when you are just along for the ride.

I'm not saying that good work in successful companies doesn't count. Let me put it this way, if all your stories only take place in highly successful growing businesses, then the interviewer will never know for sure what you did, vs. the momentum of the business.

But if you can tell a story about something that was dead in the water and you picked it up, got it moving, and created a success, then there is no doubt.

If you can be very frank with your employees about the state of the business, explain what the objectives are whether that's a clean shut down, a specific exit, or turn-around, and then show them what a hugely valuable personal development opportunity it is for them to succeed in a struggling business, you can win great loyalty.

**One last note about Money, how much have you got?**

The problem with money based loyalty occurs when the rocket ship ride ends and people are working as hard as ever for a quite-tangible less amount of payoff, or new people who haven't hit the jackpot come on board and they all start to wonder, why am I doing this?

Companies that only have one trick up their sleeve to motivate employees -- money, try to continue to use money as the sole motivator, only there is less of it to go around because the company's performance no longer affords big payouts.

And then they are stuck.

Money can be motivating, but it's bad business and bad leadership to only use money to motivate and inspire loyalty.

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YOUR PUBLICITY

## The value of being consistent

Creating loyalty goes hand in hand with managing what you are known for. And you become known for what you do consistently. If you are inconsistent, you become known most for disappointing people.

Think about a business or a brand you are loyal to. What makes you loyal? Is it the quality? Is it the people you encounter? Is it about the environment of the shop/hotel/salon/restaurant?

You walk in, they know you, they welcome you, they give you a high quality product, and a pleasant and efficient experience. This feels good, so you go back. You get the same good experience next time.

Think about another experience where you as a consumer had a great experience once or twice, and then when you went back you got a different, disappointing experience.

It's so much worse when the initial good experience sets up a promise for next time, and then you are let down.

### **It's actually better to be consistently bad, then to be inconsistently good.**

If you know exactly what you are going to get, and it's not great, but it's consistent, you'll still have a level of comfort and maybe even some loyalty, simply because you know what to expect.

#### **Bottom line: Only sign up for things you can do consistently**

So while you are deciding which approaches you will try to engender loyalty with the people in your organization, make sure you pick things that you can do and live up to consistently, or you'll just be making matters even worse.

Some examples of inconsistency in this area:

- ❖ Create a monthly employee communication session where you answer questions, and then stop doing it after 2 months.
- ❖ Introduce a new career development program to everyone, and then never roll it out fully.
- ❖ Have a recognition process in place, but don't execute it consistently, so some employees get special recognition and then others who are equally deserving, not only don't get the recognition, but also feel like they are getting screwed because they are not getting what others got.

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#### YOUR LIFE

## Loyalty to YOUR desired outcome

This part of the column each month is about stepping back from the overwhelm of your work and getting some ideas of do-able things that can have a positive impact on your life.

Many people I work with struggle to map the time they spend at their work, to what they want out of their life. Work has a way of squeezing out the time for your family and time for yourself.

The most effective way I have found to deal with this is to stay tuned in to your desired outcome. Not just for this job, but for the next one, and your life in general.

If you can stay clear with yourself about why you are on the particular path that you are on, and what your ultimate and intermediate desired outcomes are, you'll have many more tools to tune the way you spend your time at work.

An example: My desired outcome for a long time in my career was to be the CEO of a public company. With that outcome in mind I took some assignments which were pretty ugly. They had little payoff in the moment, and lot's of misery.

But when I kept my desired outcome in focus, I realized that these jobs were giving me the specific experiences I would need to achieve my outcome.

That in itself made it more palatable. But even better -- keeping that clear allowed me to set my priorities within the job to both meet business objectives and specifically build toward my personal career objectives. This made it all feel more bearable.

Another example was when I was traveling all over the world for business instead of having a life.

When I remembered that one of my desired outcomes was to always be learning and growing as a human, I decided not to rush home from business trips, and instead stay an extra evening or day, and learn about the place I was in and get to know the people better.

It made a big difference to the feeling that work was taking over my life.

It's also worth noting that having this type of discussion with your team members about their desired outcomes and their lives is a great way to engender loyalty on a 1-1 basis with your closest and top performers.

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I hope you have found a few useful ideas that you can apply right away to start building value in your career and business.

### **Let's keep the discussion going.**

Please contact me if you have feedback, on these topics.

And please let me know I can help you with your career or business.

Contact me:

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## About Patty

Patty Azzarello became the youngest general manager at Hewlett Packard ever at the age of 33. She ran a \$1B software business at the age of 35 and was a CEO for the first time at the age of 38. Patty is known for her personal leadership qualities, her straightforward and practical manner, and her genuine interest in making a real connection with people to help them to advance their career and business, and to find ways to enjoy their life more.

### [More About Patty](#)

Patty Azzarello is the CEO of Azzarello Group, [www.AzzarelloGroup.com](http://www.AzzarelloGroup.com) which is a unique services organization because Patty is a real executive who has chosen to do this with her time. Azzarello Group delivers practical, experience-based tools to help business leaders get more done and get a bigger payoff from their hard work, through products and services including articles, e-books, mentoring programs, executive coaching, public speaking, and workshops for business teams

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