

“PROFITABILITY CAN FLOURISH BY TREATING EMPLOYEES WELL”



Leslie Rose McDonald
President, Pathfinders CTS, Inc.

National author / speaker Richard Hadden, CSP was in Syracuse recently as a featured guest presenter at a human resources empowerment seminar sponsored by RLS Career Center. Offering insights from his research as well as his professional experiences, Hadden’s presentation was entitled, “Contented Cows Give Better Milk,” after a book he co-authored whose subtitle is “The Plain Truth about Employee Relations and Your Bottom Line.” The focus was about creating a great place to work that, his research supports, would positively impact the bottom line.

Hadden and his associate Bill Catlette implemented a comparative study of “contented cow” companies (including Southwest Airlines, for instance) and their “common cow” counterparts (United Airlines). Over a ten year period: the “contented cow” companies outgrew the “common cow” companies by a 4:1 margin and \$111,000 per employee, out-earned them by nearly \$40 billion and \$384,000 per employee, and generated a net difference of better than 800,000 jobs. The rationale for paying attention to employees, Hadden emphasized, is capitalism, not humanism.

One of the key points that Hadden made in his presentation was that companies must realize that the difference in the performance of people comes from what he calls “discretionary” effort. Discretionary effort, quite simply, is the amount of productivity that an employee chooses to output above and beyond the basics required in the job. He presents this as the following formula: Personal capability minus minimum job requirements equals the discretionary effort that an employee can choose to contribute or not.

So what are the factors that help increase the probability of employees putting out more discretionary effort? Hadden found that while the contented cow companies were unique in many ways, they shared commonality in three important respects:

The first common trait was commitment: getting and keeping their people solidly lined up behind the organization’s core purpose and objectives. Employees won’t part with their discretionary effort unless they have good, clear and compelling reasons. Committed employees are the only ones capable of delivering the kind of quality and service needed to be competitive. Beyond framed words in the reception area, employees of the contented cow companies lived the mission, vision and values. Managers had a reputation for constantly communicating, through word and deed, what their company is all about.

Secondly, it was an important part of their cultures to let employees know that they were cared about, first as people, then as professionals. Hadden emphasized that caring is an attitude, not a program. Managers need to be absolutely honest, believe in their employees, pay attention to their careers, help them to succeed, and be there for them when they need it. Caring is also reflected by personal and organizational priorities: in the development of corporate programs and policies, when designing facilities, equipment and systems, and when scheduling and arranging work.

The third critical success factor in the contented cow companies was enabling their people to perform by removing obstacles so that they could do the best possible job. This is accomplished by being willing to invest in the necessary training and tools that allow people to do their best. It also means having compensation systems that will incent and motivate people appropriately. Hadden stated that most companies pay from the outdated premise of paying for hours worked, rather than for performance or results achieved.