#### CHAPTER 2

# MONITORING THE STATE OF REPAIR OF YOUR HUMAN CAPITAL



In Chapter 1 we learned that nature rewards us with pleasure when we master skills, deploy skills to achieve goals, innovate, work as a team, and protect ourselves from physical and psychological harm. If managers create work environments that feed the social appetites, then employees will feel great at the end of the day—better than when they arrived in the morning. Nature wants us to feel good as we leave work, just as it wants us to feel blissfully satiated after a wonderful meal. If your employees don't leave work with smiles on their faces, then something is wrong with your workplace! If employees feel bad when they leave work, then nature is saying, "These human beings are malfunctioning, and maintenance is needed." I describe a survey in this chapter that captures the output signals—the pleasurable and painful feelings—emanating from nature's motivational mechanism and metrics to help us visualize them.

Think of your workforce as an elaborate machine or engine for a moment. If you have 100 employees making \$50,000 a year, then the annual rent for your human capital is \$5 million. An actual machine of this value would be pampered and hovered over by trained technicians and monitored with elaborate sensors to make sure that it operated at its rated capacity. Its output would be measured and it would get regular tune-ups. Key parameters would be recorded and charted, minute-by-minute, in order to anticipate malfunctions before they occurred.

Human beings also come equipped with sophisticated sensors woven deeply into our brains. The outputs of these sensors are feelings of pleasure and pain. The emotional health survey captures the output from these "sensors" and the metrics—The Horsepower Metric<sup>TM</sup> and The Tune-Up Metric<sup>TM</sup>—plot the data. The Horsepower Metric is essentially a control chart, just like the ones factory managers use to monitor the operational condition of their manufacturing equipment. If the Horsepower Metric reveals a problem, the Tune-Up Metric can be used to diagnose which social appetites are misfiring.

## MEASURING THE EMOTIONAL PAYCHECK

The intrinsic rewards that employees experience when their social appetites are fed are nonverbal and feeling-based. The feelings that contribute

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to the emotional paycheck and are either positive or negative, pleasurable or painful. Some companies measure intrinsic rewards indirectly through annual employee satisfaction surveys, employee engagement surveys, or employee morale surveys. These surveys are helpful, but expensive and unnecessarily complex. They measure left-brain interpretations of feelings rather than the raw feelings themselves.

Annual surveys are too infrequent to supply real-time operational feedback. I suggest something radically different—an ongoing control chart, based on a simple monthly survey, to monitor intrinsic rewards in the workplace. This is Step 1 on the path to becoming a superorganism filled with engaged employees.

The question of how employees feel is deeply personal. Employees will not reveal this proprietary information unless they are certain it won't be used against them. The monthly survey is therefore anonymous and strictly confidential. I recommend that employers hire an outside consultant to collect and plot the data in order to protect anonymity. Transparency is also important, so I recommend posting the results.

I have developed a simple survey tool to measure the intrinsic rewards that contribute to the emotional paycheck. Employees are instructed to place a mark on seven scales that range from minus ten (painful) to plus ten (pleasurable). The first five scales measure the five emotions related to the five social appetites discussed in Chapter 1. Each social appetite contributes its own denomination of emotional currency to the overall emotional paycheck. The sixth scale measures stress: the employee's overall ability to cope with the workload. The seventh and final scale measures the overall emotional paycheck—how rewarded the employee feels overall.

Employees complete the emotional paycheck scale by mentally adding up all of their positive experiences for the month and then deducting all of their negative experiences (Note: This is more of a gut feel than a conscious accounting). The emotional paycheck scores are used to calculate the Horsepower Metric, which is then plotted as a function of time (see Figure 2-1 for a sample horsepower plot [weekly] for an actual work group). This metric is typically calculated monthly to track the fluctuating motivational horsepower, or intrinsic reward level, of the organization.

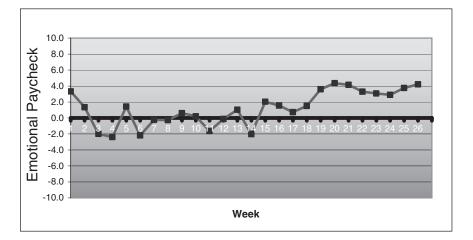


Figure 2-1. Horsepower metric, company XYZ.

# The Horsepower Metric

I chose the name the Horsepower Metric for obvious reasons. First of all, most male managers like talking about cars and engines far more than they like talking about emotions and feelings. Second, emotions propel human beings just like an automotive engine propels a car. We can go a step further by relating the five social appetites to the cylinders of an internal combustion engine. If you want a high-performance, high-horsepower workplace, the reasoning goes, then you should tune your work environment until employees run on all five motivational "cylinders" and experience all five variations of intrinsic reward. Chapters 4 through 8 explore the five cylinders in the engine, one by one. These chapters are like a "maintenance guide" for tuning the motivational engine.

On a more technical level, the Horsepower Metric measures intrinsic rewards. If the Horsepower Metric is negative, it means employees find it painful coming to work. If the metric is positive, it means employees derive intrinsic pleasure from their work. The Horsepower Metric lies at the core of our improved payroll accounting system. As I mentioned in Chapter 1, all rewards, monetary and otherwise, are registered as pleasurable or painful feelings in a brain structure called the basal striatum. Feelings, in other words, constitute the underlying currency in human

affairs. By properly accounting for subtle intrinsic rewards, we gain a more accurate tally of the true paycheck that drives human productivity—the emotional paycheck.

In the following example, we are going to convert both monetary pay and intrinsic rewards into emotional reward units (ERUs). Let's consider the case of an employee who earns a monetary paycheck plus benefits that add up to ten ERUs of extrinsic reward that register as pleasurable feelings in the basal striatum. If this same employee is unable to innovate, develop and deploy skills, cooperate as part of a tightly bonded work group, or protect herself, then she will feel bad at the end of the pay cycle because her social appetites are being frustrated. These frustrations will register as painful feelings in the insula and anterior cingulate cortex<sup>1</sup> and translate into a deduction of, say, seven ERUs from the emotional paycheck. This employee's total paycheck is therefore only three ERUs (ten ERUs of extrinsic reward for salary and benefits minus a seven ERU deduction for unpleasant working conditions). The employee's motivation and productivity will reflect not her monetary wages but her overall emotional paycheck of just three ERUs.

This is a simple, but powerful, idea—an improved accounting system for incorporating intrinsic rewards into the overall paycheck. The only way to improve on this metric would be to monitor the neurotransmitters and neuropeptides that regulate feelings of reward in the basal striatum. If the trend line for the Horsepower Metric shows a downward deviation, management can diagnose the problem with the Tune-Up Metric and take action to remediate the problem before it affects the bottom line. The Tune-Up Metric is a diagnostic tool that looks at each of the social appetites individually to determine which cylinders are firing and which aren't. This metric allows managers to determine at a glance where they should focus their tune-up efforts. (Figure 2-4 on p. 55 shows an example of the Tune-Up Metric.)

The Horsepower Metric has many potential uses. If a company has just installed new leadership or has instituted a new policy, the Horsepower Metric allows management to assess the impact of the change on motivation. If Plant A has a high score and Plant B has a low score, management can investigate how Plant A is feeding the social appetites and copy it. If the Horsepower Metric takes an unexpected plunge, lead-

ership can diagnose and address the cause of the malfunction using the Tune-Up Metric and authentic discussions with employees. This Horse-power Metric should be part of every company's management toolbox because *it is the master metric that drives everything else!* It also has a direct cause-and-effect relationship with hard business parameters such as customer satisfaction, profitability, innovation, and growth.<sup>2</sup>

When I interviewed a prominent executive in 1986, I wanted to ask him about his approach to people management, but he had something else in mind. He wanted to talk about his state-of-the-art information technology (IT) system. He explained how the IT system monitored every facet of production. The IT system generated a set of graphs at the end of the day that tracked key operational parameters for the factory. These graphs tracked things like daily production, waste, goods shipped, and the like. He explained that up-to-date information was the key to running a successful business. He said, "If I know what happened today, I will not have to worry about the company's performance at the end of the year. If I know what happened today, I can take care of any problems tomorrow so they don't affect the bottom line at the end of the year."

I wish I had invented the Horsepower Metric in 1986. I would have told him, "That makes sense, but it doesn't take the people into account. I don't see the Horsepower Metric anywhere on your management dashboard. How can you tell whether your human beings are malfunctioning?" Tracking motivational horsepower is clearly the logical thing to do. Managers should keep track of *all* the key parameters, including the motivational horsepower of the people who run the show.

## GETTING THE HORSEPOWER TO GO UP

Monitoring the horsepower of the motivational engine is not for the faint of heart. It's a fickle parameter that is difficult to change. It will take four months, at a minimum, to get it to go up because this is how long it takes for human beings to develop trust.<sup>3</sup>

I received an e-mail some years ago from a gentleman named Bob Carpenter who had found an early version of *Primal Management* on my

website and decided to contact me. I subsequently spoke with him about his fascinating experiences turning around struggling companies all over the world. Here is my recollection of our first conversation:

Paul, I've been a corporate turnaround artist for twenty-five years in thirteen countries and I've always been successful. I used a formula similar to the one you recommend in Primal Management. Most of my assignments were in Third World countries where employees had been terribly mistreated. The employees hated their managers, and they initially hated me. It took four months, on average, but I always turned things around by showing respect for the local culture, by attending their ceremonies, and by developing the human potential of each and every employee.

At first they would resist and try to provoke me. They figured I was just another gringo trying to take advantage of them. If I stayed on course, however, things would eventually change and change suddenly. One day, out of the blue, instead of addressing me as Mr. Carpenter, they began calling me "Don Roberto." The prefix "Don" followed by one's given name is a sign of respect reserved for village elders. As soon as they started calling me Don Roberto, productivity improved rapidly. It was an all-or-nothing sort of thing.<sup>4</sup>

Bob Carpenter's observations make perfect sense because human beings are guided by the group consensus. Carpenter won over converts, one by one, until the consensus of the tribe tipped in his favor. At this point, the remainder quickly followed suit. Bob's story illustrates some important truths: The horsepower of the motivational engine is hard to change, and you will not be successful unless you are in it for the long haul. When the horsepower finally changes, it will happen suddenly after months of effort.

If you manage to get your motivational horsepower into the positive five-to-eight range, congratulations! You've earned a black belt in leadership, one of the most difficult skills a human being can master! Your company is now equipped with an efficient, well-tuned engine and is ready to prosper in the twenty-first-century marketplace.

# Value, Commit, Invest

The first step toward getting the motivational horsepower to go up, as the Bob Carpenter story illustrated, involves commitment. Motivational horsepower is not going to change, I suggest, unless managers: (1) value their employees, (2) commit to their employees, (3) invest in their employees, and (4) are willing to go to bat for their employees. In other words, managers and owners need to take personal responsibility for the health and welfare of their tribes. These four steps are absolutely necessary to becoming a consensus leader and creating a positive dynamic in the workplace. If managers aren't willing to do these things, then I cannot help them. They are stuck with what they've got—a motivational engine firing on only a few cylinders. If managers cannot commit, then they shouldn't expect their employees to commit either.

Something almost magical happens when managers overcome their inherent fear of commitment and sincerely invest in their employees. Employees subconsciously detect this commitment and investment and begin to commit and invest in return. This is the first step to becoming a consensus leader and creating a workplace full of engaged employees.

## **Commitment and Fear**

Commitment is the key to creating a corporate superorganism, but human beings instinctively fear it. The brain automatically steers us away from commitments where the investment is large and the benefits are uncertain. The human brain is a powerful device but can track only 150 to 200 deeply bonded relationships. This processing limitation makes each relationship precious. Considering that we spend half of our working lives at work, however, it makes sense to allocate half of our relationships to the workplace.

When managers commit and invest, employees become merged with the manager's personal sense of identity. The manager's life becomes richer because the accomplishments of employees are experienced as the manager's personal accomplishments. Instead of experiencing cool detachment in the workplace, managers experience the warmth that comes with honest and meaningful relationships. Such managers would not deceive, manipulate, or otherwise harm employees, because it would feel like they were harming themselves.

CEOs and managers should routinely go beyond the call of duty for their employees. This is the quickest and most efficient path to creating a superorganism. When an employee has a serious problem, the CEO should be the first to respond. This is the fastest route to reaching the tipping point and creating a workplace full of engaged employees. Just think about the people in your life who have taken risks for you. How do you feel about these people today? If you simply cannot find the strength to commit, don't expect your employees to, either. If you want to run your company like a computer program, then don't be surprised if your crew sails left when you steer right, because human beings are not computers.

## **Commitment in Action**

My good friend, Scott Ransom, has patiently endured my social appetite theory for the past thirteen years. In 2001, when Scott became the president and CEO of Marshall Erdman and Associates, a national designer, builder, and developer of health-care facilities, I became an adviser and confidant. Scott bounced many of his key people management ideas off of me, which I then analyzed according to my theory.

One day, while working out at a local health club, I suggested that Scott take his employee-centric management style to the next level. He responded, "What do you mean?" I said, "If an employee needs a kidney transplant, I want you to be the donor. If an employee has a house fire, I want you to save the family pet." Scott looked back at me with wide-eyed disbelief. I exaggerated my suggestion to make a point—you can't expect your employees to go beyond the call of duty for you if you are not prepared to do the same for them.

This one simple recommendation, if implemented with sincerity and authenticity by the CEO, can radiate throughout an organization and have far-reaching motivational consequences. Scott and I had many such discussions. They helped Scott to gradually distance himself from the conventional, impersonal approach to management he had been taught

and take personal responsibility for the health and welfare of his employees—his tribe. In Scott's words, "If employees know you care, they will go through a wall for you." Scott's employees detected his sincere commitment and investment and reciprocated in return.

So what was the bottom-line outcome of Scott's experiment in employee-centric management? Honestly speaking, it was nothing short of amazing. Revenues almost doubled in a four-year period, profits increased 300 percent, employee engagement went from slightly below average to the top tenth percentile. Scott led a buyout of this fifty-seven-year-old family-held company, which included participation from forty managers and two outside investors in 2004. In 2008 the company merged with a publicly held health-care real estate company at a value of almost ten times the initial equity investment. One of the investors, a large, international, private equity firm, said it was one of the best returns on investment the company had realized in its twenty-three years in the private equity arena. The improved results resulted in generous bonuses, 15 percent annual retirement funding, and a sparkling new headquarters complete with an employee health club and Internet café.

Scott is a spectacular leader who balances business acumen with superb people skills. His success illustrates the benefits of balancing cool, analytical rationality with respect for the emotional and interpersonal sides of human nature.

## **IMPLEMENTATION**

I hope I've made a compelling case for surveying the emotional health, or state of repair, of your human capital. I truly believe that every company, private or public, profit or nonprofit, should survey the emotional health of their employees on an ongoing basis. My survey and metrics provide a simple, logical mechanism for accomplishing this.

If you believe in the saying, "out of sight, out of mind," what could be more out of sight than the internal motivation of our employees. Motivation is one of the easiest things to ignore in the day-to-day rush to get projects and products out the door. It will be much harder to ignore when the Horsepower Metric appears on your desk, or computer screen, each month. Once managers get accustomed to the Horsepower and Tune-Up Metrics, I think they will come to rely upon these simple but powerful diagnostics and eagerly await their monthly results.

# **Survey Providers**

The emotional health survey and metrics described in *Primal Management* can be procured from a number of certified technology partners. These partners can train your employees in the use of the survey, administer the surveys by e-mail, process the data, report the results, and provide benchmarking data to compare your horsepower to industry averages. These technology partners can be contacted by visiting the horsepowermetric.com. I recommend using an outside, independent consultant for the survey in order to ensure employee anonymity and confidentiality. Employees will not divulge their intimate core feelings if anonymity cannot be guaranteed.

The emotional health survey I've developed is easy to implement on a large scale because it is short and simple. The survey itself consists of just seven pleasure/pain scales and takes less than two minutes to complete. The first five scales probe the feelings associated with the five social appetites. The sixth scale measures stress levels, and the final scale measures the emotional paycheck—the sum total of positive and negative intrinsic incentives experienced during the survey period.

Employees should receive training *before* taking the survey so they are familiar with the five social appetites and the feelings the survey is intended to measure. Feelings are often subtle and exist on the edge of conscious awareness. It may take a few survey cycles, therefore, before employees become consciously aware of these subtle motivating forces.

If you are a manager within a large traditional organization, you might want to consult with your human resources department before implementing the survey. Surveys are typically considered a human resources function, so you risk alienating your human resources director and causing problems down the road if you go it alone. Human resources departments should be interested in the survey and metrics, especially if the company is having problems attracting or retaining key talent or if

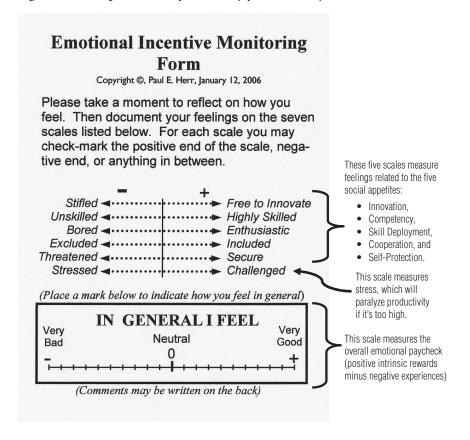
there are employee engagement, productivity, or interpersonal-conflict issues.

# **Creating Your Own Survey**

If you have a trusting workforce that isn't concerned about confidentiality, you may prefer to design and administer your own feeling survey. The first step is to develop a series of questions to probe the five dimensions of feeling that are the subject of this book. You might provide scales ranging from positive (pleasurable) to negative (painful) to record the answers to your questions as shown in Figure 2-2 (this figure is a simple paper version of the survey I used for an early beta test).

If your organization prohibits you from implementing a survey, for

Figure 2-2. Simple version of the survey from an early beta test.



budgetary or other reasons, you can always do an informal survey on your own. Position yourself inconspicuously near the main entrance to your office and observe the facial expressions and body language of your employees as they file in to work. If you discern more apathy than enthusiasm, your motivational engine probably needs some tuning. Even without a survey and metrics, you can still implement the tune-up suggestions in *Primal Management*. In this case, let improved performance be your metric.

# **Assessing Employee Needs**

In Chapter 1 I introduced internal branding as a businesslike way to incorporate employee needs into day-to-day management discussions without causing derisive snickers or suggestions that you are "going soft." If anyone tries to mock the internal-branding approach, remind them that corporate America generally earns a failing grade for employee motivation (Gallup statistics), and that companies that get the motivation part right, like the "100 Best Companies to Work For," perform far better financially (14 percent average shareholder returns according to the Wharton study cited earlier as opposed to just 6 percent for a typical company).<sup>5</sup>

Internal branding, as you may recall from Chapter 1, is a businesslike marketing-based approach to employee motivation that treats employees as internal customers. Just as with external marketing, internal branding assesses the needs of the internal customers and then designs a product—the workplace environment—that satisfies those needs. Satisfying the needs of your internal customers ought to translate into improved productivity, talent retention, and employee engagement.

Once your executive team has accepted the internal branding concept, the emotional health survey (needs survey) is a natural first step. We have already determined that all human beings hunger to innovate, to feel competent, to achieve goals, to work as part of a bonded team, and to feel protected. These are the basic needs that drive human achievement, and the emotional health survey is designed to accurately measure whether or not they are being satisfied.

# **Announcing the Survey to Your Employees**

Announcing the emotional health survey to your employees should be a snap. After all, you are pointing them in a direction that leads directly to increased success and fulfillment. It shouldn't take long for your employees to catch on and realize that they should take the emotional health survey very seriously. You may hear comments like, "Nobody has ever bothered to ask me how I feel before."

Figure 2-3 is a sample letter that you can modify to announce the survey to your employees. Better yet, announce it with passion and in person. You should announce the survey confidently and in good conscience. Human beings need to innovate, master skills, achieve goals, and work as part of a tightly bonded team to remain mentally healthy. Leadership done right, in other words, provides a vital public service because human beings are built to be active and productive in the service of the tribe. Failure to be active and productive has serious psychological consequences, as we explore in Chapter 5.

# **Tuning the Engine**

If the Horsepower Metric (see Figure 2-1) plots in the positive 4 to 8 range, congratulations: You have a well-tuned motivational engine and your employees enjoy their work. If the Horsepower Metric is negative, however, your workforce is malfunctioning, or emotionally malnourished, and corrective action is indicated. In this case, the Tune-Up Metric will tell you at a glance which social appetites are being fed and which are being starved (see Figure 2-4).

The Tune-Up Metric is a spider plot consisting of six axes radiating outward from a central point like the spokes on a wheel. The six axes present data from the first six pleasure/pain scales on the emotional health survey. If a social appetite is being fed, its corresponding axis on the Tune-Up Metric will plot outside the heavy black hexagon on the spider plot. If a social appetite is being starved, the corresponding axis on the Tune-Up Metric will plot inside the heavy black hexagon.

The Tune-Up Metric shown in Figure 2-4 indicates a reasonably welltuned motivational engine because all of the social appetites plot in the

Figure 2-3. Example letter introducing survey.

#### Dear Employee,

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I am respectfully asking all employees to participate in a monthly emotional-health monitoring program. I believe that a properly structured workplace should resonate with positive feelings, confidence, creativity, enthusiasm, and commitment. The monitoring program will help us determine if our motivational engine is well-tuned or sputtering.

You will receive a monthly e-mail from a technology provider containing a link to the online survey form. This monitoring program is anonymous, so please express your honest feelings on the survey form. The monitoring process is simple. Take a quiet moment to: (1) reflect on how you feel about your work experience and (2) document your feelings on the online "Emotional Health Survey Form."

Please use the following simple procedure to document your feelings.

- The form contains seven emotion scales, six to measure various components of workplace reward and a seventh scale at the bottom to measure overall reward.
- Click on each of the scales to indicate how you feel. You may select the positive end of the scale (I feel good), negative end (I feel bad), or anything in-between.
- Do not attempt to interpret how or why you feel a certain way, just report how you feel. Try to focus on your workplace experiences as opposed to feelings related to events outside of work.
- The scale at the bottom is meant to measure your overall emotional paycheck your positive experiences over the past month minus your negative experiences.
  In other words, how rewarded did you feel over the past month?
- This is an anonymous survey, so DO NOT provide your name. Comments and suggestions may be written at the bottom of the online survey form. The surveys will be processed by an independent technology provider so management will not see the individual forms (just the aggregate results).

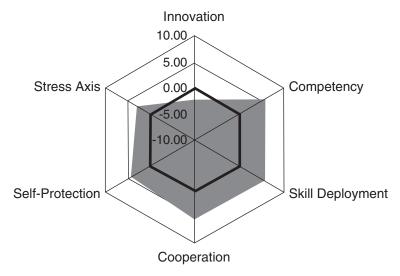
The survey data will be used to determine whether our motivational engine is humming or malfunctioning. The results will be posted on the employee bulletin board.

This innovative program will be used to: (1) determine whether our workplace satisfies the deep needs of our employees and provides a rewarding overall experience, (2) alert management to motivational issues within our workforce before they impact business success, and (3) evaluate our programs, policies, and procedures to ensure that they foster a rewarding and emotionally healthy workplace.

It's in everyone's interest to cooperate in this monitoring program—including management. The intention is to improve work satisfaction and performance. If you don't leave work with a smile on your face, there is a problem and I want to hear about it. I believe this program will provide a win-win outcome for everyone involved.

Sincerely,

Figure 2-4. The Tune-Up Metric.



positive, or pleasurable, zone—except for the innovation appetite, which falls inside the heavy black hexagon. In this case the manager in question would refer to the tune-up suggestions listed in Chapter 7—the chapter dedicated to the innovation appetite.

## A Note of Caution

An internal branding program is a leadership initiative that belongs in the lap of the CEO. It cannot be delegated to the human resources department or anyone else. It is an executive responsibility to motivate and inspire the troops. This is what leadership is all about. The internal branding approach provides an opportunity for the CEO to wrap his/her arms around, and take responsibility for, the health and well-being of the corporate tribe.

Don't be surprised if your horsepower is initially negative. Dispassionate bureaucracy and impersonal management systems slowly squeeze the energy out of an organization, and managers have not been taught to value employee feelings. Don't blame yourself for the initial score, but focus instead on getting the score to go up by energizing and reinvigorating your organization. The Horsepower Metric will hopefully lead you and your employees into the most interesting, rewarding, and successful

parts of your careers. If it didn't provide an emotional win for all parties, including management, I wouldn't even suggest it.

As I mentioned earlier, it is very difficult to alter how your employees feel about their work. Changing how employees feel will require management to change the way it feels too. Changes at the emotional level are conceptually simple, like treating people with respect, but very difficult to implement. Getting the horsepower to go up will require transparency, sincerity, authenticity, and a deep commitment to the tribe. Employee motivation will not respond to propaganda, manipulation, or other forms of self-serving behavior. If you are successful at making deep changes at the emotional level, they will radiate throughout your organization and empower it.

## **SUMMARY**

The emotional health survey described in this chapter captures the five productive pleasures emanating from nature's motivational mechanism and summarizes them in the form of a Horsepower Metric. This survey and metric can be used to monitor the intrinsic rewards that drive workplace productivity and excellence.

I sincerely believe that every workplace should administer a monthly or quarterly emotional health survey and track the results religiously using the Horsepower Metric. No parameter, I suggest, is more important for the long-term success of a business than the motivational horsepower of our employees.

If the Horsepower Metric is negative, it means that our employees are malfunctioning and that corrective action is needed. The malfunction can be diagnosed using the Tune-Up Metric, which will indicate which of the five social appetites are not being satisfied in the workplace. Managers can use this diagnostic information, along with the tune-up suggestions in Chapters 4 through 8 of *Primal Management*, to tune the motivational engine and thereby achieve optimal employee motivation.