

The Myth of Consequences

Excerpted from Bustin's new book, *Lead The Way*

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Earlier this year, we examined one of the core principles that has made FedEx successful and established this enterprise as one of the most admired companies in the world.

A big part of the success of FedEx is built on a foundation of measuring everything, with special attention paid to speed, reliability and cost. We noted that the entire organization is focused on executing against Quality Service Indicators that track 12 key areas of business performance.

The lesson: *measuring* performance helps *improve* performance.

But measuring performance is not enough. A value must ultimately be placed on the performance that is being measured. In other words, leaders must be able to answer *What return is the organization receiving for its investment of time, people and money against a specific objective or priority?*

Ironically, attempting to answer this question is how the myth of consequences has developed.

The myth of consequences

Quick. Answer this question: What thought first pops into your mind when you read or hear the word *consequences*?

Somewhere along the way, *consequences* have come to be viewed as unfavorable when in fact they are favorable and unfavorable. The origin of the word consequences is two Latin words – *con* (originally *com*), meaning “together” and *sequens*, meaning “to follow.” It’s a neutral word meaning “something that logically or naturally follows from an action or condition.”

That’s the first part of the myth of consequences: that a consequence is only negative. Fact is, consequences are positive or negative.

The second part of the myth of consequences is that people don’t like them. Again, the discomfort has its roots in the misguided belief that a consequence is code for punishment when the word can also be taken to mean rewards.

As I travel around the country talking and working with leaders, this premise is confirmed when I hear from leaders that the only people on their teams that don’t like consequences are those that consistently under-perform in their jobs. Stars, on the other hand, love consequences because to them the word is synonymous with positive recognition.

Establishing consequences

As 2008 draws to a close, your organization may find itself in the process of finalizing 2009 plans and budgets. If so, it’s an excellent time to think about the consequences of performance. And with 2009 shaping up as a year of

volatility and economic uncertainty, consequences are more important than ever.

As part of your 2009 planning process, ask your leadership team to help determine the rewards for achieving milestones in your plan as well as the penalties for sub-standard performance.

On the rewards side of the equation, you may need to take a fresh look at compensation programs. But don’t stop there. Study after study show that most people don’t switch jobs for reasons of money alone. What first pushes people toward the door is usually not money but a feeling that the work they do is either not interesting, not important or both.

If you’ve articulated a bold vision and helped everyone on your team understand the role they play in achieving that vision, you will give your employees something to work for besides a paycheck. Recognition is a powerful motivator for keeping employees happy, productive and loyal.

It’s just as important to determine the penalties for sub-standard performance.

Every organization will have a different view of this type of action – three strikes and you’re out, a 90-day probation for habitual laggards, trimming the bottom 5% of the workforce each year based on annual performance objectives, etc. You need to determine your policy or re-commit to enforcing the one that already exists. It’s important to agree on how under-performance will be addressed in the future before you begin implementing your 2009 plan. Define and communicate the policy now before an event occurs and emotion gets in the way.

Lesson: Deming said that, “What’s get measured is what gets done.” But there’s more. Because “What gets rewarded gets done better.”

Take action:

1. Review your existing compensation program to make sure you are rewarding appropriately the behavior you want.
2. Write down some initial ideas about ways other than money to reward individuals, departments and the company as a whole to drive performance.
3. Determine how you will deal with under-performance.
4. Stick to what you decide, no matter how painful. Behavior will not change unless the consequences – both favorable and unfavorable – are implemented.

In times of economic uncertainty, consequences are powerful motivators. Do your part to stamp out the myth of consequences. ■