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On Fire at Work

How Great Companies Ignite Passion in Their People Without Burning Them Out

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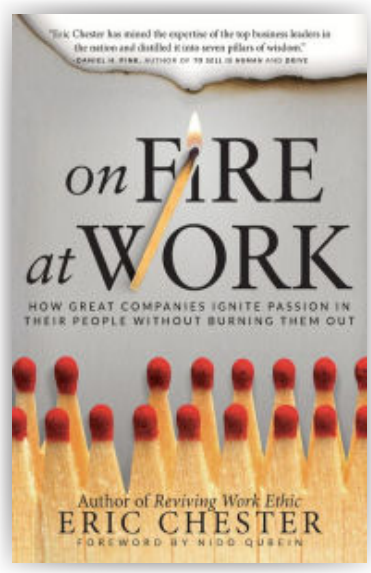

Key Concepts

A company's ability to attract, develop, and retain great employees hinges on its culture. Every organization has a culture, but the best cultures uphold seven *cultural pillars*:

1. *Compensation*. Appropriate compensation helps to attract and retain good employees, but it does not, in itself, equate to employee engagement or satisfaction.
2. *Alignment*. A company's stated values/mission statement and its actual day-to-day working culture should be in harmony.
3. *Atmosphere*. From interpersonal relationships to physical layout and appearance to the level of diversion it provides during the workday, a company's atmosphere has an enormous impact on attracting and retaining quality employees.
4. *Growth*. Employers need to provide training and opportunities for employees to sharpen their skills and grow within their companies.
5. *Acknowledgment*. Employees want to be recognized. Rather than a one-size-fits-all incentive program, acknowledgment is personalized to the employee, occurs quickly, and is proportional to the employee's contributions.
6. *Autonomy*. In order for employees to experience a satisfactory level of autonomy in their jobs, they must be well-trained enough to be trusted to perform to standard. Then they need to work toward concrete milestones and goals that they have established in concert with their managers.

7. *Communication*. Open communication within a company is crucial, particularly during times when a company is struggling. A lack of communication will rapidly destroy employees' trust in their companies and their managers.

Summary

Introduction

In **On Fire at Work**, veteran workplace researcher Eric Chester explains why and how a company's culture is the determining factor in attracting, developing, and retaining high-quality employees. Companies voted as "best places to work" are achieving this designation by supporting seven *cultural pillars*: compensation, alignment, atmosphere, growth, acknowledgment, communication, and autonomy. **On Fire at Work** provides a roadmap for company executives to follow in establishing a culture that not only retains great employees, but also elicits their best performances, keeping them engaged and happy at work.

Old School and the New Deal

In "old-school" management styles, command comes from the top down, and employees are expected to do what they are told or be replaced. The assumption behind this culture is that there is an inherent tension between management and employees, management must push in order to get good effort from their staff, and the staff are motivated only by fear of their bosses.

The challenge facing employers isn't how to engage employees. It's how to keep the fires of passion burning once the honeymoon period is over.

New management trends recognize that the employer/employee relationship needs to be mutually beneficial rather than a command-and-control atmosphere. Data has repeatedly shown that happy, engaged employees result in higher profits and successful companies. Disengaged employees cost businesses millions of dollars in low productivity and lost revenue.

When considering prospective employees, companies look for seven core attributes, also referred to as *soft skills*:

1. *Positive attitude*: Approaching work with an optimistic, problem-solving mentality.
2. *Reliability*: Showing up on time and remaining consistent.
3. *Professionalism*: Representing the company in the best manner possible.
4. *Initiative*: Taking opportunities to improve oneself and the company.
5. *Respect*: Adhering to company rules and working within the chain of command.
6. *Integrity*: Being honest and up-front in all interactions.
7. *Gratitude*: Exceeding the expectations of the job.

Employees also have expectations of their employers. They consider the seven *pillars* that form a company's culture:

1. *Compensation*: Salaries, benefits, extras, and work/life balance.
2. *Alignment*: Fulfilling work at a company with values that are similar to the employee's beliefs.
3. *Atmosphere*: An enjoyable, safe, respectful workplace.
4. *Growth*: Career advancement and learning new skills.
5. *Acknowledgement*: Managers who express appreciation and provide rewards in return for peak performance.
6. *Autonomy*: Permission to act independently and make decisions.
7. *Communication*: Open and honest feedback between employees and management, as well as a willingness to hear and respect employees' opinions.

Compensation: Counterbalancing This and That

The root of the word *compensation* means "counterbalancing." In a compensation system, the employer wants to obtain as much work as possible for the money paid to employees; this is balanced against the employees' desire to earn money for all of the hours and effort they put in.

Studies have shown that compensation does not equate to job satisfaction, however. Regardless of income level, only 30 percent of employees were found to be engaged at work, according to Gallup's Work and Education survey. While compensation helps companies attract and retain good employees, it is simply a foundation on which to build employee engagement.

Companies often use four types of compensation plans that are ineffective:

1. *Promoting the idea that one size fits all.* It is impractical to think that employees are similar enough to all be paid equally, even if they hold similar positions. The key is to create a total compensation package that is fair for all employees via wages, bonuses, and other benefits.
2. *Exchanging money for time.* The three most common variations of this model are hourly pay, a pre-negotiated salary, and salary increasing with tenure. Studies show that when people are paid solely based on the time they spend in the office (or their years with the company), they tend to do what is necessary to keep their jobs and no more. Employee engagement is heightened when people are paid based on their actual contributions to the company. Time away from work is becoming an increasingly important aspect of benefits packages, particularly to millennial employees.
3. *Racing to the bottom of the wage scale.* Employers who pay the lowest allowable wage are not necessarily saving money. They may wind up paying more money in lost time, having below-par employees, and turnover.
4. *Dangling nebulous carrots.* Promises of future bonuses, issued to compensate for low starting salaries, might initially attract talented employees but will not retain them for long.

Great cultures take care of their people, and those people provide the kind of performance, attention to detail, and customer service that grows the organization.

Today's most effective compensation models contain three essential elements:

1. *Striving for transparency.* Salaries, including executive compensation, should be open knowledge in a company. This decreases the likelihood of resentment toward upper management, particularly in times of financial hardship for the company. It also provides incentives for employees as they plan their career paths.
2. *Paying people more than is required.* Companies that pay their employees well and invest in their training and careers have low turnover and engaged employees who deliver outstanding customer service.
3. *Tying employee income to employee outcome.* Employees who have a stake in a company's profits will be engaged in a way that employees paid via a money-for-time model never would be.

Alignment: Inculcating Core Values

Company values and mission statements are meaningless unless they are shared and adopted by everyone in the company, from executives to the lowest-paid part-time staff. Integrating company values into company structure became a trend following the spectacular fall of several large companies in the early 2000s—ones that on the outside seemed to be value-driven, but proved in the end to be fraudulent or financially unsound.

The key to establishing a company's values as the basis for all its transactions lies in the alignment between employers and employees. This is established via transparency, open communication, and the knowledge that everyone is held to the same standards. Employees and customers look for companies that share their values.

There are five steps to creating a value-based company culture:

1. *Interview and hire according to the core values.* The best strategy is to vet employees from the very beginning to see if their core values align with those of the company.
2. *Train around those values.* Employee training should do more than simply state the company values. Employees should work through hypothetical situations to internalize what the company's values are and how they affect decision making.
3. *Discipline employees who do not honor the values, and reward those who do.* The most effective way to ensure company values are being practiced is to recognize and reward employees who follow them and discipline employees who fail to do so.
4. *Evaluate performance in accordance with core values.* Performance reviews should be closely tied to how the employees exemplified the company's values in their work.
5. *Model behaviors.* Managers and executives need to model the company's core values in every decision and interaction.

Employees and customers … want to work for and buy from companies that believe in something and live and act according to those beliefs.

Atmosphere: Ensuring Employees Are Safe, Well-Equipped, *and Goofing Off*!

The atmosphere of a company is something that can, and should, be created purposefully. In a landscape where good employees will be actively recruited by other companies, atmosphere plays an important role in employee retention. A good company atmosphere involves seven factors:

1. *Safety.* Employees want to know that their employer is invested in protecting their health and safety.
2. *Acceptance.* A diverse workforce increases creativity and innovation. Employees seek the freedom to be themselves without fear of harassment or bullying.
3. *Tools.* People want to work for companies that provide the most up-to-date tools for their jobs, whether that means a particular hammer or the latest-generation laptop.
4. *Boss.* Managers need to engage with employees in a compassionate and equal manner; otherwise, good employees can be lost—not because of job dissatisfaction but because they dislike their supervisors.
5. *Coworkers.* Since many employees do not have input into hiring decisions, they can feel powerlessness when there are tense relationships with coworkers. Companies that foster camaraderie and teamwork are better able to retain employees.
6. *Sensory.* A workplace atmosphere must factor in sensory input, including sight, sound, smell, touch, and taste. A floor plan that allows easy interpersonal interactions is also helpful.
7. *Fun.* People tend to seek diversion at work in some form; companies that provide outlets for this energy will attract and keep employees much more easily than companies that insist on constant work and frown upon reprieves.

Growth: Grow Employees Big or They Will Go Home

Today's work dynamic has changed greatly, due in large part to an expanding global economy. People no longer assume they will spend their entire careers with the same company. Furthermore, they expect a return on the loyalty and effort they provide to their employers. Employers need to foster loyalty in order to receive it; compensation alone does not produce loyal employees. Companies must also provide ongoing training, giving employees the opportunities to gain job skills and expertise so that they can advance, or employees will seek better positions elsewhere.

Companies can follow a five-step process to help employees grow their careers while still retaining them:

1. *Agree on a growth agenda.* This process begins during the application period and continues during an employee's tenure. There must be a clear, mutual vision of the employee's career path within the company.
2. *Establish the timetable.* The employee and manager need to agree on the time frame for the employee's training and eventual advancement.
3. *Individualize the learning methodology.* An employer should ensure that each employee's training is in sync with his or her learning style.
4. *Celebrate milestones and success.* Achievements in an employee's career (e.g., attainment of a degree or certification) should be appropriately celebrated.
5. *Rinse and repeat.* The employer needs to follow steps 1–4 with every employee.

A winning workplace culture in today's rapidly changing world is one where an atmosphere of diversity is embraced, promoted, and protected.

Acknowledgment: What It Really Means to Put People First

Acknowledgment is more involved than recognition. Recognition often takes the form of an incentive program, which is essentially a bump in compensation that does not truly differentiate anyone. Acknowledgment combines thought with action: It is personalized to the employee, proportional to the employee's contribution, prompt, and public.

The old-school method of recognition involved the *10-80-10* approach. In this model, managers focused 80 percent of their time on 20 percent of the workforce: the 10 percent who were stellar employees and the 10 percent who were underachievers. This left the bulk of the company's employees to carry on with no real motivation. To truly acknowledge employees, managers must create personal connections. Companies that put their employees first thrive more than companies that follow the old-school adage of "the customer is always right."

Autonomy: Building an Army of Intrapreneurs

Trust is a prerequisite of any healthy relationship, including that of employer-employee. Trust involves a certain amount of faith and "letting go" in order to enable individuals to have some autonomy in their jobs. Autonomy can be present at many different levels and in many different forms from one company to the next.

Certain considerations can foster autonomy among employees:

- *Foster a workforce that can think on its feet*. In order for managers to trust their employees, they need to be confident in the employees' abilities to do their jobs. Successful companies ensure this by instituting detailed training programs, which allow new employees to establish themselves and gain confidence prior to being expected to perform at a certain standard.
- *Build a spirit of "intrapreneurism."* Once employees are trained, the next step is to take their creativity and drive and allow them the freedom to make decisions in their daily work environments. This must also be paired with concrete goal setting and the establishment of milestones.
- *Empower intrapreneurs to make decisions*. Managers should allow employees to use their own judgment in small decisions, then increase their autonomy once the employees are proven to be trustworthy. Managers should set goals and expectations, along with limitations, and then allow employees to determine how to best meet the requirements.
- *Let go*. In order to foster autonomy, managers must be willing to accept that employees will make mistakes and work constructively with them to learn from these experiences and move on. Punishing employees for honest mistakes will quell both autonomy and creativity.

Communication: The Link Between Transparency and Trust

Poor communication is one of the fastest killers of company culture. Absent information from management, employees are left in the dark and begin speculating about the safety of their jobs and futures. This breakdown of trust often leads to employees seeking jobs elsewhere.

Three types of information flow from managers to employees:

1. *What employees need to know*: The information and training that employees need in order to do their jobs.
2. *What employees should know*: The basics of the company, such as history, structure, mission, competitors, and media stories. Any information that will be disclosed publicly should be disseminated to employees first.
3. *What employees want to know*: The good and the bad, as well as the trends of the industry. This is especially important in times of stress for the company. Managers should be conscious of celebrating victories (even small ones) and also being as candid as possible during bad times or transitions. The clearer a picture employees have, the better equipped they are to make informed decisions about their careers with their companies.

Companies with true open communication practice it from manager to employee and vice versa. Surveys have shown that employees who are well-informed about their companies are happier and more engaged.

Employers can maximize their communications with employees by:

- *Speaking up*. Addressing issues early prevents them from growing larger.
- *Using straight talk*. Managers should provide employees with clearly stated goals and deadlines.
- *Giving employees direct attention*. Managers should listen to employee input and maintain open communications.
- *Asking open-ended questions*. Communication is enhanced when people are encouraged to speak freely about a subject, rather than simply answering yes or no questions.
- *Giving the straight scoop*. Particularly in troubled times, it is important for management to maintain clear, in-person communications with staff.
- *Explaining why*. People are more invested, and work harder, when they understand the bigger picture and the "why" behind the tasks they have been assigned.
- *Asking what people think*. Company staff represent a fertile ground for creative solutions, which managers should not hesitate to mine.
- *Keeping doors open*. Managers should have an open-door policy, with the ground rules clearly stated. They should be accessible outside of their offices as well and make a point to mingle during the workday.
- *Getting to know individuals instead of groups*. Engaging employees involves more than addressing them as a group. Managers should get to know their employees as individuals.
- *Correcting the course*. Good communication is an ongoing learning experience, requiring adjustments along the way. Effective managers strive to continually improve their communication techniques.

When an individual is given opportunities to reach his or her full potential, the firm prospers.

Features of the Book

Estimated Reading Time: 4–5 hours, 256 pages

In **On Fire at Work**, Eric Chester explains the seven cultural pillars that companies need to focus on so their employees have a passion for their work: compensation, alignment, atmosphere, growth, acknowledgment, communication, and autonomy. Each element is examined in depth and supported by real-world examples and case studies. Chester provides concrete advice on what employers can do to fully engage their employees and create cultures in which their work ethic is "on fire." This book is of interest to managers at all levels of an organization. Since the chapters build on one another, the book is best read in order.

Contents

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About the Author

Eric Chester has been the leading voice in recruiting, training, managing, motivating, and retaining the emerging workforce since 1998. As an in-the-trenches workplace researcher and thought leader, Chester knows what it takes to attract today's enigmatic talent and get them to perform at their best. He is the author of five books on leadership, and his previous release, *Reviving Work Ethic*, is the first business book on work ethic since 1904. Chester is the founder of the Center for Work Ethic Development, and he created a work ethic training curriculum that is being taught at hundreds of schools, colleges, workforce centers, and organizations worldwide.

Chester has delivered more than 2,000 paid speeches on three continents and is a 2004 inductee into the National Speakers Association's acclaimed CPAE Professional Speakers Hall of Fame. His clients include Harley Davidson, McDonald's, AT&T, Toys R Us, Hormel, and Wells Fargo, to name a few.