

WHY ARE YOU PAYING INCENTIVES?!

In recent years, many credit unions have implemented incentive programs as a way to motivate their employees to sell more products and services to members. I would wager my son's college savings account that most of those credit unions are paying for the same level of production they could get with a much better understanding of basic human motivation.

You may remember studying Herzberg's theory of motivation in school. It taught there are a defined set of "motivators": achievement, recognition, challenging work, responsibility, advancement, and personal growth. Notice what's missing? No reference to money! Sure, money is a "hygiene" factor in Herzberg's theory but it's represented as part of the salary we need to survive, not motivate us to accomplish more.

Most employees, including your most productive sales people, do not consider money as their primary motivator. Focusing on those other motivators listed above will allow most credit unions to realize equal or greater production from your staff ... without paying a dime in incentives!

Motivators like recognition from the CEO; solid, consistent coaching; and investing in employee development aren't easy or cheap but they can have an equal or greater impact on sales production as paying a monetary incentive.

I know someone who recently went rock climbing in Wyoming. Hundreds of feet up the face of a piece of granite, twelve-thousand feet in the air, with no safety net ... no thanks, I'll wait in the bar and look at your photos when you get back. Seriously, I don't care how much incentive you'd pay me- it's not worth it to me to put my life in danger like that. But my friend didn't do it for any "incentive"; she was motivated by the challenge and personal growth.

For some of your employees, expecting them to sell or refer is like climbing the Grand Tetons – it's like putting their life in danger. And I don't care how much incentive you pay, they will NOT be motivated to do it on a consistent basis. Your employees need to know why they're doing it; they need to know how to do it; and they need to believe that their efforts will be recognized and rewarded by the credit union. A financial incentive does not need to be part of that equation.

I'm not saying incentives are completely unnecessary. In fact, I believe they play a very important role if developed and deployed properly. Following are three vital components to successful incentive programs: 1) pay only for incremental performance; 2) pay for team AND individual production; and 3) pay as frequently as possible.

In spite of what I said in the opening paragraph, there are some credit unions using incentives in very successful and prosperous ways. My firm would be happy to introduce you to the steps that can make them successful at your credit union. Please contact us at www.fi-strategies.com/about/contact-us.

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