

## INTERVIEW

By Alex Palmer



## Seeing the Possibilities

Jim Haudan says that for incentives to work, everyone needs to be on the same page—and picture

The title of Jim Haudan's new book, *The Art of Engagement*, is a bit of a play on words. According to Haudan, art is a key tool to ensure that everyone becomes invested in an organization's goals and strategies and understands where each individual fits into them.

"There's a very big difference between familiar words and shared meaning," says Haudan. "Visualization allows [people] to carefully eliminate the fuzz that exists with just words."

Haudan, who is the CEO of the management consulting and publishing company Root Learning, points to an exercise he practices with clients to demonstrate that words and meaning aren't always the same thing. He asks the group he's speaking with to say the first thing they think of when they hear the word "bear." Responses range from "teddy" to "aspirin." If one word is hard for a group to sort out, translating a complex

organizational flow leaves managers with their work cut out for them, says Haudan.

To demonstrate the type of dysfunction that results from this kind of muddled communication, Haudan chooses not just to describe, but to show, with a picture of "The Canyon" (above). As the image reflects, a company's leadership has to navigate some treacherous terrain as it attempts to turn its plans into action.

Haudan says the solution is to, literally, give every employee the "big picture" of the organization's goals. Root Learning incorporates sketch drawing into its programs with clients.

For example, when Pepsi-Cola's leadership decided they wanted to shift into being a "total beverage company," they sought to engage their staff by visually mapping the changes to the beverage industry. Incorporating the decline in carbonated soft drink growth and increasing

demands for health, convenience and variety, the final result was the "Revolution on Beverage Street" image to the right.

Haudan describes a boss who urges the staff to manage risks and cut costs, then says a week later that they must take risks and innovate, as if money were no object. "What people will say on the front line or shop floor is, 'The leaders are idiots. It's like they have this thousand-piece jigsaw puzzle, and every day they send a couple more pieces across the table and they say the exact opposite things,'" says Haudan, "It would be so much easier if they would just send the [puzzle's] cover box across the table, so they could see how it all fits together—because it takes an understanding of the whole for the pieces to make sense."

## "Or" Versus "And"

This jigsaw idea illustrates the paradoxes that Haudan says exist in organizations as

well as in incentive programs in which a mix of goals are pursued simultaneously. Seeing the big picture allows individuals to see that seemingly contradictory goals may actually complement one another. As Haudan says, “people want to put an ‘or’ between these goals when they can actually put an ‘and.’”

He gives the example of Pepsi, which Root Learning worked with as Pepsi was considering a shift from incentives based on volume to ones based on increasing profit margin. The company leadership got into impassioned debates over whether margin or volume should be rewarded. When the group looked at the big picture of all seven of their various channels (from big box to mom & pop stores), they could see the various merits of both options. Looking at how to increase volume in high-margin channels and increase the margin of the high-volume channels, they were able to develop a more holistic incentive program that maximized the company’s resources.

### Dramatic Incentives

In *The Art of Engagement*, Haudan calls this “engaging people in the dramatic stories of the business.” As a lifelong sports fan who



Haudan advocates using “visual iterations” like this one to help organizations get a clear and compelling understanding of their strategies and challenges

adventure and they see how what they do contributes to the end result.”

Incentives are a valuable component in driving this “dramatic story” of the business, according to Haudan, and serve as stories themselves for individuals, who can be engaged by the thought of a valued reward for a strong performance. But he cautions that just as with a business’ larger strategies, the incentive program must bridge The Canyon of disconnection and disengagement.

less. In the long run, Haudan explains, this is just the kind of questioning that needs to take place for an incentive program to work effectively: “Sometimes we think we’re rewarding something worthwhile, then realize that’s not the best thing to reward.”

While it needs to be made clear what behaviors are rewarded, the rewards themselves must also be clearly desirable in a way that gets the employees excited, according to Haudan. Cash, unwanted products or those without a clear value to the winner all fail to create compelling cause-and-effect narratives that stick with the individuals as they perform their work, he says.

With the four-generation composition of today’s workplace, choosing the right reward becomes even more crucial, Haudan says.

“While companies may have traditionally seen employees as a general mass, it’s become much more important to think of them in terms of segmentation and what’s really valued,” says Haudan, comparing it to the different target markets companies reach out to with their products and advertising. “Value is always defined by the recipient and not the provider. The definition of value can’t be set by the organization out; it has to be contemplated by the receiver back.” ■

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*“It takes an understanding of the whole for the pieces to make sense.”*

coached high school football before he began at Root Learning 13 years ago, he has seen how the compelling narrative of a game can draw out the passion and dedication of thousands. According to Haudan, there’s no reason a company can’t create a similar atmosphere in the workplace.

“Whether it’s a baseball game or waiting in line for a *Harry Potter* book or at a Jimmy Buffett concert, we don’t have to stop and see if people are engaged or not,” says Haudan. “People feel like they’re part of something bigger than themselves—they see the whole, there’s a sense of belonging, a purposeful

“I am amazed at the number of companies that use incentives to drive or reinforce behavior, where the incentive is not understood by the employees,” says Haudan. “If you don’t see the incentive as a system that really has choices and consequences, then you can’t possibly hope to get more of the choices and consequences.”

He admits that giving individuals the whole picture of the incentive program might cause some of the current incentives to be challenged as workers suggest that certain behaviors deserve more rewards than they are currently given and other behaviors

