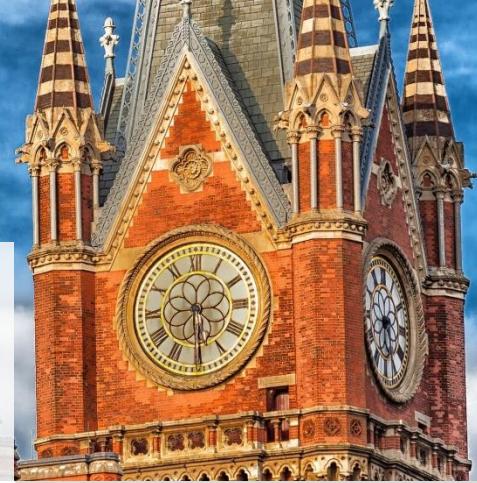




ifp newsletter



Is Motivation in Business Just a Matter of Money?

We have recently heard two completely contradictory answers from top level bankers. But what other incentives are available to managers?



Miloš Filip
Partner

A manager of a large foreign bank wrote to his retail advisors in his January newsletter:

"I know this may sound somewhat controversial, but your motivation is not about the money... Motivation has to be in you. ... Nobody else will do it for you." A similar view is shared by Deutsche Bank's CEO, John Cryan. In an interview conducted in November with Bloomberg he said that his annual bonus had never made him work any harder.

In contrast, the matador of domestic banking Jiri Kunert, the head of the Czech and Slovak

UniCreditBank, replied to a direct question in the Czech business club: "The motivation of our employees? It is mainly about the financial reward.

And then, of course, there are other things..." Today, as interest rate margins dropped to their historic lows and a lot of pressure is put on the already reduced fees, the bottom line of financial institutions suffers. Banks are therefore trying to take control of their costs. Their usual answer is cuts in IT, marketing, salaries or bonuses. Institutions aim to keep wages under control, and simultaneously motivate bankers to perform better, but the two are very contradictory goals. (When a new-coming retail executive tried to set up an annual target sales growth to 25%, while simultaneously tightening bonuses in 2016, he provoked a revolt by bankers, as well as encouraged open distrust in

the new management. Yet sales growth average, until this year, was only 8%)! Managers repeatedly face the same problem: how to motivate staff to perform better on a shoestring? Each of us is a unique human being. Some people are willing to work up to their limits - for more money. Others choose lower income, less strain, but in a pleasant environment.

How can we provoke a low-cost, yet productive competition between people? We believe that bringing a competitive element into play is the best answer. For example in one company, which is selling office supplies, sales teams have been competing in various online environments for several years. Teams have flown their airplanes, sailed in submarines or paddled on a bicycle. As result, sales increased by

14% above the 3-year historic average! The game made the teamwork of traders more transparent and entertaining. We found this

kind of motivation of sales teams so interesting that we have also included two motivational games in our product portfolio. And, since the annual reboot of motivation became an active and ubiquitous phenomenon in many firms, we want to pursue this issue in the future.

Try out a similar incentive in your company. Start with an idea of an online game sales competition: One that takes place in an interesting graphic environment matching your own preferences (be it alpine skiing or kite surfing...) and with bonuses for performance of players. The latter, however, is not part of our offer ☺.

I have no idea why I was offered a contract with a bonus in it because I promise you I will not work any harder or any less hard in any year, in any day because someone is going to pay me more or less.

— John Cryan, CEO Deutsche Bank, Nov. 2015

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The screenshot shows the IMF homepage with a banner featuring a speech by a man. The URL is www.imf.org.

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Managers who Joke are More Success-ful... Sometimes

HUMOUR CAN DO WONDERS IN A BUSINESS MEETING, PSYCHOLOGY STUDIES SHOW



Roman Pospíšil
Partner

This information is striking: The managerial success depends, foremost, on using humour. According to the study by Sabio Salo from the HR consultancy Hay Group, top management gurus use humour twice as often as their counterparts, whose performance is seen as average. Pity though that even here there are two sides to the story.

There's lot of truth to what Mr. Salo says. The media often quote claims like, "People are like wine. The best comes out when you press them." However, psychologists and doctors would confirm that most people eventually feel impact of such pressure on their physical or mental health (sometimes both). Some give up. The result in all these cases is worse performance.

Harsh bosses must count with frequent changes in their teams. In the long run, it is therefore more effective to create a positive atmosphere and build employee loyalty to the company. In short, motivate them positively.

Various authors have described the effects of humour when dealing with employees as well as business partners in different ways. They, however, talk about similar points. Humour in people management:

- relaxes the atmosphere,
- enhances audience attention,
- makes it easier to explain complex issues,
- facilitates memorising information,
- weakens hostility and helps build relationships.



More than ten years ago, just after I quitted my journalistic profession, I appeared as a guest in an internal workshop of Ceska sporitelna, a major Czech retail bank. During the discussion, an employee asked me what I would change in the firm if I had been its CEO. I replied that I was not a CEO because I was not qualified to be one. And if I had the right qualification, I wouldn't have been sat in the speaker's chair; instead I would be seeking a director's post somewhere else. There was dead silence in the auditorium. Only one person, American Jack Stack, the then-Chairman, laughed sincerely...

During contract negotiations, for example, humour has the power to divert attention of your partner from various contract details, even the price. But using it is not easy. A manager who wants to use humour in their advantage should at least keep the following in mind:

1. Be careful whom you are talking to. Not everyone appreciates a relaxed atmosphere. Most people are considered 'normal' according to the 5 or 7-Trait Personality Models. In their job, however, some are trying to transform, as they reduce



Danger? Don't become a clown manager who loses contact with the environment...

themselves into 'professionals'. They adhere to certain procedures, work culture and they keep their distance. It is hard to build a normal relationship with them, because they often deem humour at work as a threat.

And then there are those 'abnormal' ones. Pure analysts, 'cold fish', narcissists,... even sociopaths. If you are relaxed and witty in front of these people, they will consider it inappropriate and unprofessional. (Not to mention that for instance Americans usually do not get the Czech sense of humour unlike e.g. Austrians). Joking is also not appropriate in front of your superiors (although even here there can be few exceptions).*

2. Be careful that your joke doesn't fall flat. In our communication training, we always say, "The best start of a presentation is to use a good joke. And equally, the worst start is a failed joke." It's embarrassing and everybody will remember it. Rather than taking the risk, do not joke.

3. Do not expose your weaknesses. If we can't change something, we often start making fun of it. Yet, those who use humour as their defence, often in a sarcastic way, reveal their weak spot. You can use self-mocking in a chat over a beer, but not in business. Introducing himself as 'Hi, you know, I was just passing by when they asked me to give

this presentation...' the author immediately rules himself out. The same goes for aggressive banters. It is probably unnecessary to emphasize that humour should only be used in certain situations. There is no place for it e.g. during layoffs or a firm restructuring. Likewise, overuse of jokes reduces the speaker's authority. And finally, if you do not have a natural sense of humour, don't force yourself into it. People can tell that you are not authentic. Instead of forcing jokes onto someone, learn how to use them at a pace. For it is extremely healthy.

Three Effective Tips From Brexit Campaign: Is Fear Manager's Ultimate Weapon?

IN JUNE BRITAIN WILL DECIDE ABOUT STAYING IN OR LEAVING THE EU IN A HISTORIC VOTE. WE BELIEVE THERE IS MUCH THAT MANAGERS CAN LEARN FROM THE OPPONENTS' ARGUMENTS



Breeding sheep is in danger in Britain.



The moorlands will dry up without the subsidies...



Export of the Scotch whiskey? In the ruins!

According to the ICM survey in April, Britain's future membership in the EU practically depends on 12% of undecided voters. The two main campaign leaders with opposing views are the Vote Leave organisation and the British government. What arguments do we hear from them?

"Our best days lie ahead! An independent Britain would set an inspirational example to the world," says Michael Gove, the Eurosceptic justice secretary. "Leaving EU's Single market would be 'one way ticket to a poorer Britain,'" predicts Chancellor George Osborne in his speech. "A 'No' vote means a jump into the abyss!" evaluated the expected referendum chief economic commentator of the Financial Times, Martin Wolf. Both sides use very pathetic weapons. Vote Leave employs a visually and emotionally striking video on their website: "Let's spend our money on our priorities like the National Health Service. NHS is in danger by £350m sent to the EU a week! ...the euro is a broken currency; we will pay for the euro bailouts and immigration from the new countries!" Against this stands 280 artists, among them actors Benedict Cumberbatch and Keira Knightley, who signed an open letter in support of the UK membership in the EU bloc in May. The UK membership in the EU, among others, was endorsed by the U.S.



How can one take a considered view of the pros and cons of Britain's EU membership when we are being warned of war, recession and aiding Isis, all in the space of a single week?

—Sebastian Payne, FT editor, April 2016

President Barack Obama and Pope Francis. Both main campaigners work with fear in their rhetorical mix: On the Vote Leave web page, this is represented by the threats of immigration and permeable borders with the EU. It is accompanied by clear demands:

Let's make our own laws. Take our money back from Brussels! At the beginning of the year, the British government held somewhat back with solid and rational arguments. Yet, in May, a month before the moratorium on the political campaigning, it launched an aggressive 'fear campaign'. If the country leaves the EU, then following events will happen (in a chronological order): British pensioners will get poorer by hundreds of pounds a year, farmers will lose their subsidies, the cost of a family holiday is about to rise by £230 a year, threatened are financial sectors in Scotland, Northern Ireland, Wales, the British wine exports are in great danger, the sterling depreciates by 20%, Britain enters recession and some 500,000 jobs disappear, home prices will fall by 10%, it's also bad for sheep breeding and export of Scotch whiskey, UK energy prices may pop up, all of which would result in loss of the entire young generation. Will the intention of Her Majesty's government to convince the voters to stay be successful? Heaven only knows. Managers should however be aware that too much fear employed in arguments harms your

impact on the public, as some psychology research says. Why? Fear is often the ultimate negative motivator, when we want to make someone to put things in motion. Alas, as a

method of persuasion it only properly works when it's used with a pinch of salt. The danger of 'country-wide scaremongering' is its uncertain effect: When people are scared, they often respond in three adverse ways: They flee, fight, or remain paralyzed, unde-

cided. For higher turnout in the referendum, it's certainly not an encouraging vision...

Yet how can—if at all—managers use fear to persuade someone effectively? Here are our three tips:

1. Fear works as a method of persuasion, but only to a limited extent. Do not scare everybody about everything! Thus, your impact is significantly reduced. Spreading fear should be measured and should be based on a deeper analysis of the audience, for example your clients or employees. To scare people and make them do what you want, four conditions must be met according to the Protection Motivation Theory of psychologist R. W. Rogers (1983):

a) The consequences of disobedience must be very unpleasant, b) adversity has to have a direct impact on your audience, c) disaster can be avoided by following your advice, d) it is in their power to comply.

2. To enforce your ideas, work with emotions. Show a picture or video, tell a joke or use an exaggeration. The British government initially chose a laced rational approach, and then it employed a strong campaign built on



How much fear is it necessary to induce in the voters to avoid Brexit?

fear. In contrast, Vote Leave employed some witty and peppery rhetoric: Its cartoons make fun of the rigid EU. It uses simple (not so kosher) comparisons, for example, the £350m spent on the EU weekly equals one unbuilt large national hospital.

3. Be cautious when using third-party opinions to answer a sensitive, e.g. patriotic question: You risk making your audience angry. For advice on whether Britain should remain 'British' or stay in the EU, do not ask the IMF, OECD, President Barack Obama, the G7 or the Vatican, as did the British government. Foreign recommendations on how to vote in the poll may have just the opposite effect on any undecided British voters... —mf—



Evolution Not Revolution: Rethinking Policy at the IMF

The global financial crisis led to a broad rethink of macroeconomic and financial policies in the global academic and policy community. Eight months into the job as IMF Chief Economist, Maury Obstfeld reflects on the IMF's role in this rethinking and in furthering economic and financial stability.



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IMF Data Mapper
Latest regional Economic Reports

The web is a Tricky Medium: It Remembers What You've Long Forgotten

A test question, "What do the Numbers Show?" Or let us ask in a different way, "What does this column show on the IMF website?" We will not keep you in suspense. These figures show nothing today.

There, someone published 6 news items in 2012, two in the following year, while a year later the news stream went all quiet... The situation dramatically improved in 2015 (1 new post appeared). And what about the column titled "What Readers Say?" Unfortunately, the readers last said anything in 2009. After that they kept quiet until 2016.

What lessons can we learn from the IMF's website? Do not let your PR discredit your company. Especially if you wish to be an (international) expert in the field. Similarly, do not turn your corporate website into a wasteland in which, from time to time, a lone green sprout shoots up.

There are other such examples. With a huge fanfare, a large British financial consultancy group Citywire announced in 2013 that it would issue a new advisory quarterly, 70-page magazine for its clients. Yet, after only two quarters, it forgot all about it without any explanation. Or take the newsletter of a Czech fertility clinic (we have another one as our client). Their newsletter fell victim to the hot summer of 2012, yet its remains are still pinned up on the website as the latest news...

These are amusing examples but they have an adverse effect on the impression not only your website, but

also your company services and products give. If I were a customer of yours, I would think: If this forgetful company can not keep its original marketing idea, what if it forgets tomorrow that I've signed a purchase contract with them yesterday?

The solution is simple: Set aside your time, a member of staff, or both. And delete, delete, delete...

1. Review your old blogs and news.
Clear out any out-dated information.

2. Revise your online marketing materials - are they still up to date? Does the content relate to contemporary products? It's hard to believe but we know both a bank and an insurance company, in which the managers are most scared by their own 'zombie' products. Someone can come and demand them again because they stumbled upon a long forgotten link to an old product or a flyer which is still out there...

3. Try to make sure your links on the web are correct and live! Nothing is more frustrating for a customer than a reference to a non-existent page or a download of a missing document. Your corporate brand is the sum of the impressions and experiences your clients have. A website should not spoil it. It should do exactly the opposite.

My Auntie and I

THE ONLY TRULY STUNNING TRADER WAS MY AUNT!

She had a small shop in Maislova street with second-hand clothing. When a dwarf-sized customer walked in, she put him into a jacket of a six-foot giant and danced with him in front of a mirror until she convinced him that the jacket fits him perfectly. When somebody thought the elbows were too worn out, the fabric faded, or even moth-eaten, she said, "On the contrary, sir, this is genuine English tinif, this is the latest fashion." This is how the legendary Czech journalist, Tomas Polak, remembered his, possibly fictitious Auntie. Perhaps the latest and more than fitting contribution to the topic of junk is the study called 'Smejdi' or 'Crooks' by the psychologists M. Vingarkova and R. Mazalova from the Palacky University in Olomouc, published in the

tens of thousands crowns! These findings, except for the modern technology reason, are hardly surprising when we give it a second thought. Elderly people feel lonely, bored, and are looking for social interaction. Yet they can't stand the pressure at the sales event and in the end, they often fall victim to the lies, not dissimilar to those that Auntie used about the English tinif.

While the story about Auntie may be amusing, the crooked salesmen are clear evil. Maybe, she robbed some people of a few coins. But the crooks are pulling out tens of thousands from people. Both use a similar method – by offering something else than the product's real value. And, they are not alone. Sometimes even "reputable" companies use such a technique.



The best contestant will get a bonus!

Czech dTest magazine. It seeks an answer to a peculiar question, "Why do seniors attend the so much criticised demo sales?" The three major reasons were:

- 1. Going out** (43%),
- 2. company of peers** (16%),
- 3. finding out about modern technologies** (10%).

Only 0.53% of elderly people said that they attended in order to buy something. Yet, most of them brought home hugely overpriced goods, for which they often paid

Can we put a similar trick to a good, positive use? Surprise, surprise, we can. For example, you can offer a game to people, in which they can compete and learn. The competitive game element is often the old con trick. It represents the best motivation for many, as you found out in the article on p.1. Competition with other teams is much more motivating for players than mere coercive words: 'You need to try harder... The best one gets a bonus.' –rop-