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## Reward the risk takers

ROBERT B. TUCKER

TIMES NEWS NETWORK [ FRIDAY, APRIL 07, 2006 12:29:11 AM ]

Finding risk takers within a large organisation is hard enough. Then you've got to think of a way to reward them

Five years ago, appliance makers Maytag and Whirlpool both faced a recessionary environment, intense global competition, and products that consumers could not tell apart.

Maytag elected to hunker down and cut costs while Whirlpool took a different tack. Under then-CEO Dave Whitwam, the company launched an all-out, enterprise-wide initiative to develop a core competency in innovation. Not having a cookbook to follow, they experimented with how best to reward risk-takers and foster a culture where ideas were welcomed, and funded.

Now the results are in. Maytag, a once-great American brand, cost cut its way to near-oblivion, while a re-energised Whirlpool grew by 36% into a global appliance powerhouse. Whirlpool is in the final stages of buying up Maytag for a fraction of its former worth.

More and more companies are embracing Whirlpool's strategy as they see the limits of Maytag's. Yet in attempting to drive organic growth to supplement acquisitions, companies routinely find they lack the champions and risk-takers needed to dream up and execute bold new ideas. "We've been operationally-minded for so long that we are having trouble finding entrepreneurial-minded folks to lead the charge," they tell me.

When it comes to changing people's behaviour, it's important to remember an underlying principle: behaviour that gets rewarded gets repeated. If you've rewarded risk-avoidance, punished failure, and ingrained incrementalism for decades and that was what moved managers up the ladder of success, guess what types of projects people run away from?

For years, companies from Tyco to Kraft to GE rewarded managers for making their numbers, gobbling up other companies, and cutting costs. The fact is, it worked. Until it didn't any longer.

Maverick thinkers who somehow made it through the Orwellian hiring tests that help HR departments identify "people who think and act just like us" were not seen as



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valuable talent but as difficult-to-manage nuisances. Often their reward was to be first-fired during layoffs.

So if you're now looking for different behaviour, you have to get clear on exactly what actions, decisions, cultural norms and values you've been rewarding — and then look for ways to incent different behaviours going forward.

It won't be enough to have your CEO speak about the importance of innovation as one of the company's 17 top priorities and expect people to suddenly alter ingrained habits. You'll need to do lots of things to get the word out that expectations are changing, and that not innovating is the greater risk to one's career.

If you have trouble identifying people in your organisation whom everyone recognises as risk-takers and entrepreneurs, that should tell you something. My advice: steer clear of monetary rewards as a way to get attention.

Beyond small monetary rewards given to teams not individuals, cash for ideas can backfire, and besides, the literature shows that recognition is the most reliable reward of all.

Properly motivated and recognised, enough people will step forward and seemingly ordinary contributors that you may have assumed "didn't have it in them" will do amazing things.

Publicising examples of innovativeness from your own people is another way to gain buy-in and reinforce the new behaviours you're hoping to spawn.




Not only do you shine a spotlight on people who dearly need recognition, but you provide evidence that innovation isn't something that only the Apples and the Googles can do; it's something your people are doing too — and need to do more of. Give recognition to teams and individuals who stick their necks out to launch new products, even if they aren't successful right off and even if they fail.

The rarest, and therefore the most valuable people to identify, are those who are more concerned about customers than they are about the latest company politics. Seek out those who care deeply about identifying problems customers have that they aren't solving very effectively using existing products.

Look for people who dream up new solutions to customers' problems, who aren't content just to perfect the system but want to originate bold new products, services and solutions and change the system.

**The author is president of The Innovation Resource, USA**

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