Greed Is Not Good

Only where love and need are one,
And the work is play for mortal stakes,
Is the deed ever really done
For Heaven and the future’s sakes.

—from Robert Frost,
“Two Tramps in Mud Time”

How do you create a hunger for performance in your organization without also creating a greed for reward? Too often, in the pursuit of growth and entrepreneurship, we strike a dangerous bargain. We start with a promise: “I’ll pay you whatever it takes to meet these goals.” Then we delude ourselves into thinking that we can control the inevitable and spreading greed by installing tighter governance. But greed outsmarts governance. With bonuses at stake and promotions on the line, games get played and figures are faked. Not just accounting figures but also sales, delivery, and return figures.

We propose a different approach: discipline and motivation. Not discipline versus motivation but discipline and motivation, working together to produce a chemistry of engagement and achievement. (See Exhibit 1.)

Raising Accountability

By discipline, we do not mean hierarchy or autocracy but rather the systems, policies, and practices that raise accountability. This discipline is built around strategy and clarity about goals and performance, not around accounting and quotas.

By motivation, we don’t mean tossing money at people but rather creating an environment in which employees want to go beyond the call of duty in the service of corporate goals—out of a desire to make a difference, not because of obligation. Employees throw themselves into their work because work matters to them—professionally and personally. It is no surprise that employees feel better about themselves when they are motivated, yet too often motivation is missing. Walk down the hallway of many corporations, and the lethargy is palpable. The same person who is staring blankly at the computer screen in his cubicle will be an engaged and energized soccer coach in a few hours. Many of your employees are motivated and engaged individuals—just not on the job. They apply their talents doing voluntary work. They leave their leadership at home because they don’t think what they do for your company is important and they sense that you don’t value their contributions.

Discipline + motivation = engagement. This is the state of grace in which the goals and values of the individual and the organization are aligned and performance is at a peak. This is not a
dream but an achievable goal. We have seen it happen. To be sure, there are no quick fixes. It takes years, not months, and it requires dedicated leaders who understand and manage the challenge rather than guess at it.

**Installing Systems and Strategy**

You don’t need to pursue both discipline and motivation at once, at least in the short term. Usually, discipline should precede motivation. Before any bottom-up collaboration takes place, you will have to install basic organizational systems and strategy—the vegetables before the ice cream. It’s similar to structure and creativity. Leave creativity unbounded and it will bound off the tracks.

Not everyone agrees. Some would rather start motivating the troops before addressing discipline. Consider Jack Welch’s early days as chief executive of General Electric, when the company achieved huge gains through discipline. Welch’s formula was clear: define roles and decision-making authority, and measure, monitor, and assess performance. Those who favor starting with motivation counter that too much of an initial emphasis on discipline is likely to make people feel exploited. It wasn’t until GE began focusing on motivation, they say, that productivity jumped from 2 percent a year to 5 and 6 percent. But that argument doesn’t hold, because you can’t do a controlled experiment.

There is no right answer. You will need a mix of efforts aimed at improving discipline and motivation. Exhibit 2 illustrates one company’s journey through a variety of interventions. They included rigorous performance management (to improve discipline) and efforts to foster collaboration (to spur motivation).

![Exhibit 2: A Pathway to Engagement Requires Many Steps to Boost Discipline and Motivation](image-url)
Getting in Touch

So how do you know when to do what? First, recognize that you may be out of touch with many of your employees. For the reasons described above, most of them are probably less motivated and disciplined, at least while on the job, than you would like. You may once have known the people who work in the cubicles or on the factory floor, but you don’t anymore. Get the facts and put them into a guiding framework. Focus on five fundamentals:

• building a foundation

• raising accountability

• achieving results

• working together

• developing skills

For each of them, ask yourself and your senior team a pair of questions about discipline and motivation. For building a foundation, ask whether you have a clear strategy and set of objectives and whether you have articulated your aspirations and values. For raising accountability, ask if your structure makes your strategy possible and if your people are behaving as expected and desired.

You see the point. Facts should be gathered through the lens of discipline and the lens of motivation. For achieving results, ask if your performance management system is robust and if individuals receive proper rewards and recognition. For working together, ask if the structures and processes for collaboration add value and if your people cooperate in a way that helps achieve results. Finally, for developing skills, ask if you have the right people in the right jobs and if you are adequately supporting their development.

There are reliable ways to get good answers to these questions. But before you start using surveys and tools, you need to be committed to the belief that you can break the compromise between disciplined performance and performance motivated by money.

Andrew Dyer
Ron Nicol

Andrew Dyer is a vice president and director in the Sydney office of The Boston Consulting Group. Ron Nicol is a senior vice president and director in the firm’s Dallas office.

You may contact the authors by e-mail at:
dyer.andrew@bcg.com
nicol.ron@bcg.com

To receive future publications in electronic form about this topic or others, please visit our subscription Web site at www.bcg.com/subscribe.

© The Boston Consulting Group, Inc. 2005. All rights reserved.