



## ROBERT HALF PODCAST SERIES

**Interviewee: Naomi Simson, CEO, RedBalloon**

**Interviewer: Stuart Cameron**

**Stuart:** As we contemplate the first anniversary of the global financial crisis and its effects on Australian workplaces, in this episode of the Robert Half podcast series we talk with Naomi Simson, founder of Red Balloon about how to identify and fix morale problems in the workplace.

What should employers be watching out for to identify morale problems in the workplace?

**Naomi:** I suppose one of the things that we're really looking at is people's discretionary effort and it's a different way of looking at it, not just morale, but understanding what does it mean to be engaged, and if we define what is engagement, engagement of people who are really wanting to play the game. They believe in what that organisation is there for, they believe in what they're there to do and you want engaged employees.

We know that organisations have engaged employees are so much profitable, but there's other things to look for, and that is, a not engaged person, these people are literally just sleep walking at work. They go, they do what they're told to do, they go home. They do nothing extra, do nothing more, they don't really contribute to the bigger scheme of things, they just go home.

But the third category is even more alarming. Now, this is what we call disengaged. Now, disengaged people are those people who you are paying to hate you. They actually hate you, and, you know, they will do anything to upset what their colleagues and the people around them are doing, and they're saying for every disengaged person it takes six engaged people to clear up their mess. So staying close to your employees is very important, and most of this comes through leadership and management; you got to know your people.

**Stuart:** Do you think that employees have a higher threshold for discomfort or dissatisfaction now than before the global financial crisis?

**Naomi:** Look, you know, we're all looking after our own careers and where we're going and what we're doing, but the thing is that, I think people are more aware of their own personal circumstances and people will be prepared to tighten a belt if they know where it's going and why, so, leading by example is very important.

So if we see the leader of an organisation getting a brand new car and being all very flashy, well then why is the employee being asked to cut back on their whatever, so what we've found is those organisations who go to their people and say, "Look, authentically we're having a tough time" or even if they're not having a tough time, "We might have a tough time, we need to conserve some cookies in the bank so that we've got some money ready to go." So if they are truly authentic about their leadership and say, "Look, we're all in this together, all for one, one for all" then they're far more likely to maintain or increase morale. If you go to your people and say, "Look, we don't know, what should we cut" instead of telling people what to cut.

Include people. We're far more inclusive this century than we ever were last century. You know, if you tell somebody, "No more Tim Tams in the kitchen" they're going to go, "Geez, they're getting tough and tight" and, you know, "They're stingy at work" versus if you go to them and say, "What could we cut out of our budget? We want to conserve X amount, where could it come from?" and like as not they come back and go, "I wanted to go on a diet anyway, so you can cut the Tim Tams." So, it's how you approach the whole thing and leadership is very important, authentic leadership and letting people understand where the business truly is.

**Stuart:** What are the steps employers can take to identify when morale problems are starting to brew?

**Naomi:** Look, often morale problems happen early, early on, and it can happen literally as soon as somebody joins an organisation. Apparently a third of people, when they join an organisation, in their first month of employment have already planned when they're going to leave, so that whole recruitment, on-boarding, what we call the attachment phase of getting to know, your bit of dating is very very important. An employer must fulfil on their word. If they promise job descriptions, a career plan, you know, incentive programs, whatever it is, if they promise these things they must deliver on it, otherwise an employee will become cynical pretty quickly.

So, in terms of looking at morale, things may well change throughout an organisation's circumstance, but if you get people at the very beginning, fulfil on your word, get them attached and ultimately engaged, they're far more pliable in terms of understanding and appreciating that we're all in this together. So looking, really looking for morale things comes from knowing your people. Know who they are, know why they go to work, know how they want to be recognised, make sure they feel like a winner and I promise you won't have morale problems.

**Stuart:** What steps can employers take to boost morale?

**Naomi:** First of all it must come from leadership and leadership's commitment to individuals, and just noticing what people do. There's the old adage, "Do I know what I need to do? Did somebody notice and do I go home feeling like a winner?" and if an employee can answer yes to all of those things, then morale really won't be an issue. So, it's about leaders and managers nurturing people and also being very committed.

Now, it doesn't mean you have to be nice. Now let's not confuse that, because what we're looking for leadership is a clear sense of vision. We want to know where we're going, we want to know what purpose we have. Now, apparently, you know, I'm an ex Apple employee but ... a long long time ago, but Steve Jobs clearly has a sense of purpose. The whole organisation has an unbelievable sense of purpose, but you know, he's not necessarily that affable and easy to get along with, you know, he's very committed to his purpose, but everyone has an unbelievable respect for the man, doesn't ... I'm sure he can share a joke or two, but the reality is, he's on a mission, they have a vision, they know where they're going and that's what you want. You want to be able to trust and believe in your leadership, that they know where they're going and that you're going to sign up to that program, and it isn't necessarily being about nice.

So, on the other hand we've got managers and what we expect from managers is that they nurture the uniqueness of the individual, that they take people under their wing, they look for what they're best at contributing for the good of the whole. It's for a manager to develop and grow people. So, between leadership and management will give you the greatest access to morale, employee engagement, whatever you want to call it, but we do want someone we believe in, we want an organisation that we can trust and we want

somebody that we can count on, and we also want people to nurture us along as part of that journey.

**Stuart:** Should employers take a blanket approach, or should they tailor their efforts to individuals?

**Naomi:** In terms of recognition or even leadership and management, the point is that it is about individuals, but it is for the good of the whole, so sometimes, for the good of the whole, an individual is not going to come along for the ride, you know, they might not be the right person for the role, they might be better to set free to go off and explore their career elsewhere.

It's very important to have people who are like-minded with shared values and recruiting based on people's values means you've got a much better playing field, you've got much better players that you're all going to move on the way forward. So, it is important to tailor to the individual the, any recognition, the program, who they are.

I've got an example of years and years ago when I worked for Ansett actually, Ansett Airlines of Australia which is no longer in business, but they wanted to do a staff gift and when we sent out the staff gift they just kept coming back because we had incorrectly labelled more than third of them, we'd misspelt their names, we'd sent them to people who had never come back from maternity leave, sent them to other people who had been married for many years and had got their name wrong, and it just showed to me in that instant, you've just got to know who people are, you got to know what they do, you've got to know their contribution and they will just feel so much better about themselves. Not everybody wants to be put up on stage and told that they're a winner, sometimes it's just a hand-crafted note of thanks, but the first part of that is knowing what they contribute and then adjusting the acknowledgment to suit that person and regularly. You've got to recognise people at least every seven days, or they think you've forgotten.

**Stuart:** Recent Robert Half research shows that most employees are expecting to be rewarded for their loyalty and hard work when the economy turns around, and if they're not they'll consider moving. If loyalty has nothing to do with money, what should employers be doing right now to ensure the best people stick around?

**Naomi:** You know, you're absolutely right, loyalty doesn't have anything to do with money. I shouldn't say it doesn't have anything, it's just that we take money as table stakes. I mean, that's what we work for, we work for a salary and we have an expectation that we're going to be paid fairly, but if you don't capture their hearts and minds no amount of money will keep people long term, and this was what we're looking at, we're looking at how are we keeping engaged long term.

Literally, you know, recovery is on its way, we're all very excited, but those employers who have not looked after their people, are not noticing their people, who might have had to let other people go and seen them not treated with respect and honour as they've left, those good employees will remember. Some of them are a bit lonely, some are even missing their mates and literally, as soon as there's an opportunity, an upturn or they're seen an opportunity for themselves they will go. So, really, when there is tough times is about looking after authentically people and being straight with them. Letting people know what the real world is like is okay. People won't run away if they think they've got a bit of a fight on their hands, so they're not going to get scared and if they are they're not the ones that you want to play anyway. You want those who are going to all pitch in, all hands to the wheel and move forward. So, really, it's noticing, moment by moment, the contribution people make.

There's three different things that we look at. First of all, there's the logical connection to the organisation. That is, have I fulfilled on what was promised and is the table stakes, the salary is the right amount, the occ health and safety, the performance plans, the training and development plans, you know, all of those things, job descriptions, you know, they all have to be in place. This is a logical connection, did the employer fulfil on their word? Tick, tick, tick, tick, tick. If so, move to stage 2, which is what we call emotional connection and that's when they believe in the organisation, they actually trust the people.

I also read some research that says that on the whole Australians don't trust their employers. That's the scariest thing and that's the thing we have to go to work on and that's the thing that will keep people long term is "I believe in this organisation, I believe in its products and I believe in its leadership". So, to have an emotional connection to an organisation is to believe in the purpose, the values and also keeping people align to the plan and they think they're contributing, that they know the little piece that they contribute to the bigger whole.

So, if you can get the, both the logical connection and the emotional connection, you're far more likely to get the third area, which is brand connection and this is something that we can't actually ask for, it's something that's given back, and that is that moment by moment your employees are acting like the brand. They're going out there and proudly saying, "I'm a Red Ballooner. I love working for Red Balloon. I believe in what we're doing. We're changing gifting in Australia forever." Now you can't ask people to do that authentically. You can't ask them to Blog or to put Facebook pages up or to Tweet how great it is to work at Red Balloon, but that's what they give back if we get the other pieces right.

So, now's the time to get the logical connection. Do all the things. Don't give up on your training, don't give up on investing in people. Invest in the ones that you want to keep there. Secondly, is to make sure they know why they're there, and then you will get back in space a third one, which is brand connection, which will take you long into the future, because when people feel they're a part of something they want to stay around.

**Stuart:** What kinds of rewards should employers consider when the upturn comes?

**Naomi:** Well I would argue that they need to consider rewards now. You know, who knows when the upturn is coming and for some, an upturn might be still years away, because their industries are going through fundamental restructure, and there's others who've never been, you know, they've never been in a downturn still. You know, there's lots of industries that are actually still booming, so there has never been a better time to recognise people. You know, Jim Collins has written his book years ago about the right people on the bus going in the right direction. We literally have so much research to say, "Look after your people and they'll look after you."

Do you know 52% of Australian businesses will give their people a leaving gift? Only 1% will give a welcome gift. Now, we want to welcome people into the fold. I'm very glad that you're sending them farewell and off they go, but really we want to recognise people on their way in. Let's not be stingy about this. Literally you might have, you know, spent heart and soul finding exactly the right person. Well let's make sure they know they've made the right choice too.

**Stuart:** Employees have also seen a cut in their living standards over the past year. They've had their pay cut, some benefits have disappeared and they've had to work harder and longer. Given these factors how would you advise them to approach employers in their next review or salary negotiation?

**Naomi:** You know, I, I'd argue that maybe people are not as bad off as they think they are in a sense that ... especially in Australia and New Zealand. If you've got a job, life is okay. It's those people who don't have jobs, that have had their benefits cut and everything gone, but, you know, petrol prices are less, interest rates on their homes have gone down, so actually, some people are better off than they were a year ago. However, an organisation, an employer may not be better off. They may really have had a hit on EBITDA, they're unsure, big contracts might be under review that weren't before, so I think we ... there's a certain level of responsibility by both parties in terms of how we move forward, and I think that it's, it comes back to that authentic conversation. So, you know, people aren't entitled to a salary review, it's not an automatic.

There's sort of this, well I've worked here another year, therefore I should get more. Well, let's be responsible about this and say, well what further commercial value did I provide to this organisation? How am I a better employee than I was last year? How are you getting more value from me? I tell you, I look forward to the day when an employee walks in and says, "Here are the things that I've delivered for the business. This is the commercial value that I contributed. As a result my expectation of salary is this, not because I think that's what I'm worth in the marketplace, because that's what I'm worth for you. I delivered this for you," and that, to me, is a completely refreshing approach. You know, don't demand it because times are tough, demand it because you know the value you're going to provide to that organisation. So let's flip it and talk about commercial return and any organisation will have really great commercial conversations with individuals and be very pleased to have them, because if an employee understands their commercial value, so will the employer.

**Stuart:** Before we go, can you tell us five ways you can nurture your staff to prepare for the upturn?

**Naomi:** Five things that we've done at Red Balloon. One is that we have continued to invest in the training and development of our people. We have continued to invest in our technology and innovation, and along with that we're taking our people on our journey. We have continued to invest in our recognition. I have to say it's one of the most fruitful and rigorous programs that we run, of course, because many of our employees are guinea pigs in our program; we've tried them all out. The other thing is that we've done is around communications and making sure that everybody is aligned with our vision, our values and keeping them absolutely focused on where we're going, but the fifth one, and I think that this is the most important is we're still having fun, and you know, people come here, they have a great old time, we have a bit of a laugh, tell a few jokes and even if we're cheap and cheerful and have a Wii competition instead of going snow skiing, people get us and we're still having fun.

**Stuart:** Naomi Simson, thanks for your time.

**Naomi:** My pleasure.

**Stuart:** Thank you for listening to the Robert Half podcast series. For more information on global employment opportunities and career advice, visit [www.roberthalf.net](http://www.roberthalf.net)

**End of Interview.**