



Perpetual:
the most important equation a business leader need ever know

Or, what truly motivates people at work?

This paper describes the results of a unique research project into what motivates people at work. Using the team-to-togetherness (t3[®]) model for assessing high-performing teams (HPTs), this research examined the degree to which membership of a HPT influences such motivation and effort, in relative comparison to other potential factors such as wages, contingent benefits and fixed-intrinsic traits. With the findings revealed, the paper then provides pragmatic advice for ambitious organizational leaders as to how to maximize such employee effort; an investment that, in turn, invariably begets increased levels of employee performance and organizational success.

introduction

This paper titles with a deliberate tease; part in copy-writing flourish but primarily with a genuine and very-serious edge. We truly mean it when we say: that this paper will reveal the most important equation a business leader need ever know. Before we get into the what, the why and the implications of all of this, let's cut to the chase. If you are involved in leading others at work, make an indelible note of this now:

$$E = -1.07 + 0.19.IS + 0.35.Y + 0.91.Z - 0.04.Z^2$$

Figure 1: The most important equation a business leader need ever know

This paper will reveal how the equation was derived from research, what it all means, why it is crucial to your organizational success and, most importantly, how you can use it - at a very practical level - to unlock massive business value in your own venture.

The reveal will happen in stages; let's start with the subject matter domain and the overall structure of this paper. The dependent variable (E) concerns employee motivation and effort. As we unpack the right-hand side together (the independent variables: Y, Z and IS), you will learn what drives E (and the relative contribution of each of these factors). We will also, by the corollary of absence, reveal what doesn't impact on E: in direct contrast to dominant, lazy supposition and lingering, historical theory.

Why is this important? Well, if you have any professional concern whatsoever with respect to business or organizational performance you should, de facto, be concerned with optimizing employee performance. Manifestly, employee motivation and effort (E) has a major contributory role to play in driving employee performance. If you accept this simple train of logic then you will understand the significance of this equation. Simply put: for the clear majority of ventures (all those with people involved!) results hinge largely on employee performance which, in turn, hinges heavily on employee motivation and effort (E). Unlock E and you unlock the full potential of your venture.

Before we continue, we need to allay some early reader misperception or concern. Understanding employee performance, employee motivation and how to maximize such matters is a grubby, real-world concern not readily translatable into abbreviations and equations. The motivation of others is not something that happens in some sterile laboratory under the gaze and direction of earnest academics. So, for now, please just be assuaged by the fact that - at Perpetual - we write this as practitioners not observers.

As such, as soon as we have succeeded in explaining the research and statistics to you, we will draw on our collective, grounded professional experience, to draw us quickly towards a pragmatic "so what".

The paper will proceed as follows. Firstly, some background and an explanation of how this all came about (for the curious reader, we will steer you towards what theory - neo-classical economics as well as more recent work - tells us about this topic). Next, it will describe the research project that led to this fascinating equation. The research tested an intuition we have long held concerning the importance of teamship and, as such, we had to adopt a model for assessing teams. The model used is our team-to-togetherness (t3[®]) model: it sits at the heart of the findings so it is important we explore that carefully also. Only then, can we fully reveal the actual research findings before, finally, turning to the manifold implications this has for all real-world business leaders.

With that groundwork laid, let's get going ...

how this all came about

At Perpetual, we have long been fascinated by the topic of high-performing teams especially as it pertains to the real-world, coal-face, cut-and-thrust of business and organizational life – as opposed to an academic dalliance.

As a strategic talent advisory firm, a hefty component of our professional lives is spent supporting our clients in the delivery of their ambitious organizational development goals. With the myriad, gained insights into companies, and in reflection of the countless conversations with such leadership teams, we have observed a clear pattern. While they nearly all have sound strategies and, indeed, well-formed plans (as you would expect from intelligent business seniors), there is a clear demarcation between those companies that make material progress and those that just meander along. This is not a symmetrical split either; when the rubber hits the road and execution of plans is what it is all about, the majority fall. “How is it possible ...”, struggling leaders often ask us, “... to meaningfully progress growth plans when my colleagues have such busy operational demands placed upon them?”. With increasing clarity, we have realized that success hinges on the presence of a high-performing team. Having ambitious, coherently-structured plans is one thing but building such a team to actually execute them is where it all truly lives or dies!

Put another way, we realized we had fallen slowly in step to the drumbeat of modern management theory. As fueled by MBA schooling, we had become conditioned to drool over the clever-clever, young entrepreneur who smashed their way to success with the idea - the business model that completely turned a staid market on its head. We train up-and-coming leaders to think strategically - to analyze, data-crunch, to find the opportunist gap that outsmarts the competition. All of this is, self-evidently, very important. The idea, and the strategy is not, however, the place where the center mass of success truly lies. There are myriad brilliant ideas, with sound stratagems behind them, scattered to the graveyard of failed endeavor. There is, conversely, a heap (probably the majority) of very, very successful businesses where success hailed not from the idea, not from the strategy, as sound and sensible as they both were, but from the ruthless efficiency in which a team gathered around the resultant plan and executed it.

In simple terms, we came to learn that observed success fell to those who got team and execution first, ideas and strategy: a close second. Indeed, we felt we had arrived at a fundamental truth: ultimate personal/entrepreneurial/professional success hinges not on personal technical smarts and prowess, the idea or the strategy; it hinges on whether you can build a high-performing team around you. Success in business, and many other aspects of life, is all about execution, execution, execution. Yes, you need a sound idea and a robust strategy but what takes senior business leaders from a bar-conversationalist to actual real-world success is this ability to execute. And, the ability to execute is all about high-performing teams.

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That all, hopefully, explains our fascination with the team topic and why our interest grew to not only a more considered observation of practice but an intellectual interest also. Our internal professional library started to fill with books on the subject: from ten-a-penny, perishable flimsies to micro-economic papers (it is, after all, oft argued that economics is as much a study of human behavior as it is a study of money).

The journey into this specific research project was fed by a deep curiosity, specifically as concerns the question: what truly motivates employee effort? What was discovered with the ensuing study, while aligning with

some originating intuitions, was startling. And, to repeat: these findings will be of material significance to anyone involved in the leadership of others.

what theory would tell us

a fork in the road

I have come to learn that readers quickly separate into two camps. There are those that love the theoretical background to such research; there are others who break out into allergic rashes as soon as *theory* is even mentioned – they just want to cut to the nub of the work. I empathize and, as such, I have parked the academic context to this work in an appendix to the main paper.

If you are in the first camp, I would advise you to head there now as it describes the historical body of work that talks to employee motivation, and, where my specific research project sits in this regard. If you are of this leaning, it makes for a logical segue into what comes next.

If, conversely, your hives are starting to scratch already, then just continue reading: you will only miss some context and not the all-important findings and implications.

Similarly, to arrive at my equation, I had to wade deep into the world of statistical analysis. Some readers love this detail – most run a mile. Writing it all up, there is a difficult balancing act to strike; suffice to say, this paper endeavors to skate very lightly over detail perceived to be *academic*. If you feel it has been too light, then please just shout for a copy of the academic paper on which this is based.

the research project

With a fascination (and intuitive hunch) as to the importance of team-membership, our research sought to quantify the respective contribution that extrinsic and intrinsic factors have on employee motivation.

Extrinsic and Intrinsic factors can, further, both be subdivided into fixed and contingent aspects. For example, wages are extrinsic-fixed (at a point in time), performance-based bonuses are extrinsic-contingent, an individual's underlying personal drive is intrinsic-fixed but their sense of loyalty to a specific organization is intrinsic-contingent. We wanted to learn about the relative contribution of each of these aspects.

Additionally, a primary motivation for the study was to explore the hypothesis that being a member of a high-performing team is a comprehensive explanatory summary for intrinsic-contingent motivation. While such theoretical dimensions as fairness, gift-reciprocation, high-trust, respect and culture-fueled morale all have unequivocal relevance and centrality, they arguably, perhaps, all miss this wider perspective. Put another way, the research sought to explore the hypothesis that: membership of a high-performing team captures, necessarily, all such elements but additional, important contextual explanation also¹.

Specifically, our starting research question was framed as follows:

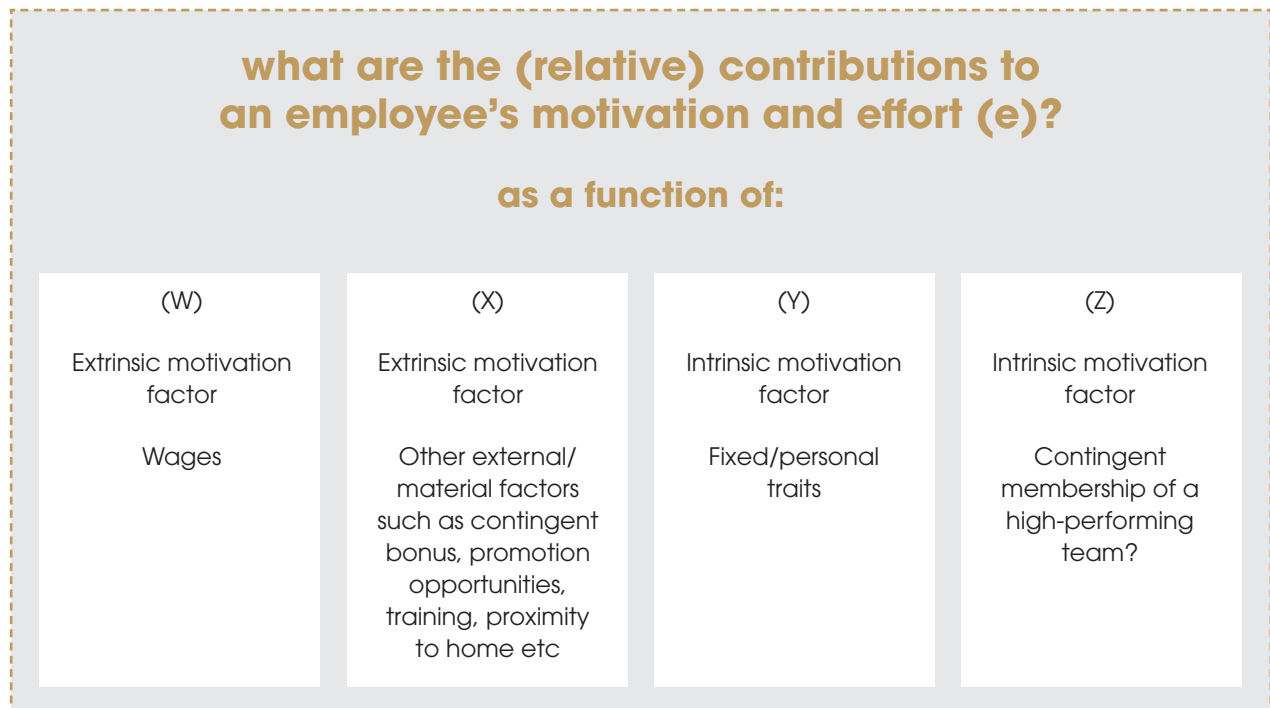


Figure 3: Research question

Reader warning. Some stats talk follows. We'll be quick.

To ascertain the relative importance of these factors (that is, the degree to which they bear down on employee motivation and effort differently), we had to perform an ordinary least squares regression analysis on a bespoke econometric model¹.

What do we mean by a statistical regression? In simple terms, using a statistical package, a regression measures the strength of relationship between a dependent variable (in this instance, E) and a series of other independent variables (in this instance, W, X, Y and Z). Such an analysis looks at the relative explanatory contribution (via the coefficients of the independent variables), statistical significance (can the results be trusted?) and the overall explanatory quality of any resultant equation.

¹Many organizations, for example, exude cultures of fairness and high-trust but are utterly ineffectual; such environments will often quickly deplete employee motivation.

²This was all carried out using statistical analysis software: Gretl. If you last touched statistics at school then - relax - we will tread lightly over the mechanics of how this analysis works; rather, the focus will be on the important findings - and their clear implications. For those with such a leaning, the full academic paper is available on request.

Our (initial) econometric model for testing (based on the starting research question) was as follows:

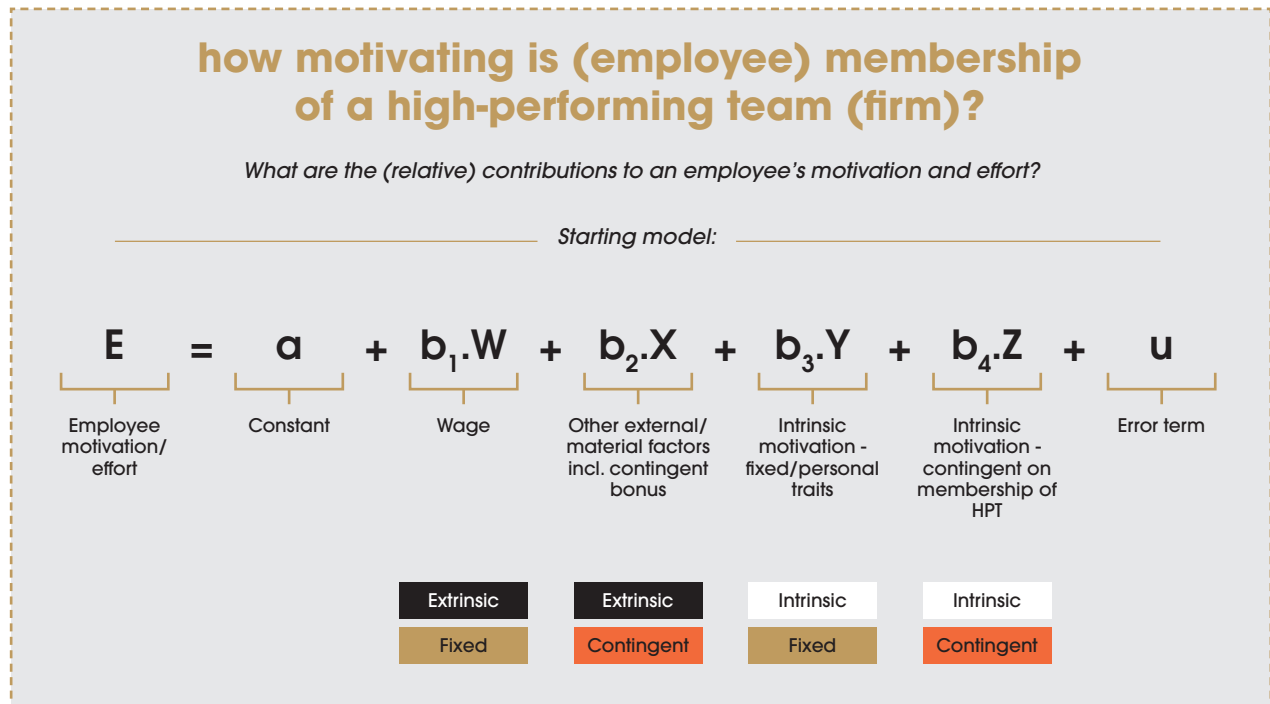


Figure 4: The initial econometric model (for testing)

Critically, the nature of the variables in this starting model should be noted. Both the dependent variable (E) and the independent variables (W, X, Y and Z) were all qualitatively self-assessed via a range of derivative assessments and, consistently, across a discrete numerical scale of 0 to 10³. The consistency of variable type and range thus allowed for a simple comparison of the relative import of the independent variables on the dependent variable (employee effort/motivation).

By way of initial expectation, one would expect all coefficients (b₁, b₂, b₃ and b₄) in this equation to be of a positive sign; that is, theory would lean one towards an expectation that all extrinsic and intrinsic factors positively regress to employee effort and motivation.

The expected relative magnitude/contribution of the coefficients was, however, less predictable; neoclassical economics would predict (relatively) high b₁ and b₂ values whereas, contemporary (behaviorist) theories would also claim (relatively) high b₃ and, if the team hypothesis stands, b₄ values.

The data required to populate this regression analysis did not, however, pre-exist. As such, the initial requirement (and challenge!) was to design, build and distribute a primary data collection exercise via an online survey - subsequently distributed across our professional networks.

The survey was completed by 390 responders over the course of two weeks in Spring 2017. Of these 390 responders, 64 responders stated they were 'employers/owners' and not 'employees' and, as such, removed from the sample leaving 326 responses to feed into the analysis.

This sample (326 employees) was predominantly US/UK based and representative of actual gender and age distribution in the workplace.

[†]For W and X, the survey also collected actual wage (SalaryA) and actual-expected contingent bonus (BonusA) so these (continuous) variable alternatives could be explored also as replacements for W and X in the model: to explore variants for best-fit explanation.

It should be noted, that there was a dominant skew towards primary sectors (and job roles) in this employee data sample; by example, there was a large number of private, professional firm employees. By inference, caution should be applied to the immediate transference of any findings to wider, secondary sectors.

Before turning to the all-important findings, we first need to explain the model used by respondents to self-assess the degree to which they belonged to a high-performing team (or not). We call it our team-to-togetherness (t3[®]) model.

the team-to-togetherness (t3[®]) model

For survey respondents to self-assess the degree to which they are members of a high-performing team (as captured by the single, independent variable Z in the analysis) a model was required. It was not sufficient to just ask: "are you a member of a high-performing team?"; rather, what was needed was a detailed set of questions that tacitly arrived at this single point score.

Most high-performing team models, like the general surrounding literature, dissemble to an arbitrary set of characteristics. It is our contention that such lists are not particularly instructive, so we set about developing one with structured, hierarchal logic. We named it the team-to-togetherness (t3[®]) model.

The t3[®] model describes a logical build (Level 1 to Level 6) of attributes that, in structured totality, equate to a high-performing team. This structure has been garnered from exploring what a high-performing team looks like, or more aptly, how it behaves. Under invest in the development of one of these six building blocks and you remove the foundation of all attributes that derive from it. This will make more sense when we finish describing the model to you.

So, let's start by describing the six essential attributes of the t3[®] model from the bottom up.

t3[®] level 01: the right stuff

First, and foremost, a high-performing team requires talented individuals within it. Simply put, that means members of the team can do what is expected of them.

This is, hopefully, an uncontentionous point. Regardless of your operating domain, there is little point talking about any collective team-build aspiration if the unit members lack the basic functional ability necessary to individually compete in this arena. If a quarterback can't pass an accurate ball, or if a Marine is unable to maintain his weapon or a Brand Manager doesn't know how to identify her target consumer - then all high-performing team bets are off. As an absolute minimum, a high-performing team needs members capable of dispensing in the trade you seek to excel in.

Please note, this is not saying that high performing teams have all this talent mustered on day one, or, that talent development is a static affair. Far from it; leading organizations fixate on the continuous nurturing and professional development of their members. Rather, it is saying that as a minimal foundation, you need a group of individuals with the knowledge, experience and inherent ability to deliver their expected, isolated role within the team.

Higher attributes of the model require a lot more of each member than mere competence in the discipline for which they are hired; but, for now, we make the simple point that, without such collective competence, the potential for overall team performance is seriously fettered.

Even more important than raw aptitude and competence is the respective 'attitude' of each individual team member;

indeed, we extol the virtue of 'hiring for attitude and training for talent'. So, more accurately, this first model dimension is about having team members that can do with a can do attitude! Competence of the highest levels is for naught if the attitude is misaligned or self-absorbed. If you have ever suffered a colleague with a large, humorless ego you will know how quickly such an individual can vacuum all collective energy from the building. The first assessment, therefore, involved assessing whether respondents felt they were part of a group where the core membership (carefully selected for can do, can do!) was in place.

So, more accurately, this first model dimension is about having team members that can do with a can do attitude!

t3[®] level 01: the right stuff - example questions

- Z1.1 The selection process undertaken by me, and my team colleagues, to join this organization were arduous:
0 (strongly disagree) to 10 (strongly agree)

- Z1.2 All of my colleagues are highly skilled at their work:
0 (strongly disagree) to 10 (strongly agree)

- Z1.3 All of my colleagues have a tremendous "can do" attitude to their work:
0 (strongly disagree) to 10 (strongly agree)

t3[®] level 02: clarity & alignment

Beyond 'mere' talented individuals, high performance requires next - clarity. Clarity in the vision, mission and objectives of the team and clarity in how such objectives cascade down to each and every member within it. Simply put, that means members of the team know what to do.

It is one thing to have skilled operatives within a group but without such clarity they are just that - a group! High-performing teams will always have very clear and simple (i.e. easily understood) statements of future intent - and a logical nesting of such statements from the whole-team, to sub-teams, right down to individual objectives.

t3[®] level 02: clarity & alignment - example questions

- Z2.1 My organization has a clear and compelling overall vision, strategy and plan that cascades down to team/personal objectives:
0 (strongly disagree) to 10 (strongly agree)
- Z2.2 A planning process is well embedded in my organization - all staff contribute to this process and the results are well communicated:
0 (strongly disagree) to 10 (strongly agree)
- Z2.3 My individual goals/objectives are clear and I receive regular constructive feedback on how I am progressing towards them:
0 (strongly disagree) to 10 (strongly agree)

t3[®] level 03: empowerment

Next, comes the attribute of empowerment. There are countless examples of organizations that possess very talented individuals, and have clear statements of intent, but are not high-performing. This is often due to the structural dis-empowerment of the members within it; they know what to do, and have the individual ability to contribute to such plans, but the team-dynamic is one that results in barriers to them effectively discharging such talents. This can often be seen in organizations with traditional, or non-egalitarian, hierarchies where the organizational design creates such barriers; every decision needs to be passed up the chain for sign-off or, at worst, subject to the slow, consensual agreement of multiple committees. Such dis-empowerment can also, however, be found in relatively flat organizations where there is just a simple lack of trust and room for individual flair and maneuver. Small businesses with very strong, ego-bound founders can be an example of this variant.

By contrast, the third quality of a high-performing team is that of empowerment. As well as being able to do, and knowing what to do, members of such teams are allowed and enabled to do.

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As importantly, t3[®] Level 03+ teams will have cultural settings that empower all members - especially the most junior. The vibe will be one of "here I can take some risks and be recognized and rewarded for personal flair and effort"; as importantly, it will also have members saying "while the job may be hard (premier standards to meet) this is an easy place to work".

t3[®] level 03: empowerment - example questions

- Z3.1 I have high autonomy when it comes to playing my part in the overall team effort (working towards clear goals):
0 (strongly disagree) to 10 (strongly agree)
- Z3.2 There are minimal organization obstacles in the way of me playing my part in the overall team effort (working towards clear goals):
0 (strongly disagree) to 10 (strongly agree)
- Z3.3 There is no unnecessary bureaucracy here:
0 (strongly disagree) to 10 (strongly agree)

t3[®] level 04: belonging

We are now moving into the territory of real differentiator qualities - attributes that distinguish truly great teams from their well-performing competitors.

Attribute number four is belonging. Members of a high performing team, well along the t3[®] continuum, are talented, have clarity of intent and are also fully-enabled to get on and deliver their role; further, however, they undertake what is expected of them because they believe it is right to do so.

This attribute is, as such, is all about value compatibility between the team's values, the team leader's values (which can often shape the former) and those of each member. It is an unfortunate reality that many people, even those within teams that have a first appearance of high functionality, are not fully subscribed to the collective values of the team. That is, their personal values are at odds with the team's values or, even, the team's fundamental reason for being. Individuals can become adept at building a coping mechanism to self-manage this disjunction; for example, the tobacco company manager's sense of providing for family, or their simple, professional work ethic, may override any internal anxiety they have about the company's ultimate contribution to society. Such gaps, however, between personal values and the team's stated, or actual, ethical reality are seriously erosive of genuine high performance - especially so when most members feel similar.

Belonging, in this context, pertains to the proximity of team members' principles and values with those of the actual principles and values of the collective team - as opposed to any espoused rhetoric.

Conversely, high performing teams have members who fundamentally believe the team to which they belong is positively contributing to outcomes they feel important - be that sporting victory, the defense of freedoms (military) or the provision of a product/service that benefits others (commercial or social). Further, they believe that the team goes about its business of delivering such outcomes in a way that is aligned to their personal values; that is, the team 'behaves' in a way that they are personally proud to be associated with.

We should make an important point here. Statements of organizational values are now common place. They are never contentious; there are, not least, expected norms of behavior in modern, egalitarian societies. At worst, however, such statements are 'motherhood and apple pie' shopping-lists which despite sitting above every photocopier in the office, bear little relation to the everyday

values and behaviors of the team’s leaders and influencers. Belonging, in this context, pertains to the proximity of team members’ principles and values with those of the actual principles and values of the collective team - as opposed to any espoused rhetoric.

In t3® Level 04+ teams, there is no sunlight between the espoused team values, the actual team values and the collective (often private) values of its constituent members.

t3® level 04: belonging - example questions

Z4.1 There are clear organizational values (and related/expected behaviors) in place:

0 (strongly disagree) to 10 (strongly agree)

Z4.2. The organizational values strongly align with my personal values:

0 (strongly disagree) to 10 (strongly agree)

Z4.3 The leaders in my organization are real champions of the stated values ... they “walk the talk”:

0 (strongly disagree) to 10 (strongly agree)

t3® level 05: agile execution

Next up, and what we highlighted earlier as the fundamental difference in high-performing teams, is the ability to EXECUTE.

In today’s VUCA world, planning is taking on new forms as Level 5+ teams and organizations recognize that within weeks after initiating any plan, it can be rendered, at worst case, useless—or in best case—intentions remain on track but how one gets there changes rapidly.

The environment is simply too dynamic to invest months preparing, planning, and budgeting for a reality that may not exist in six months. What matters most is getting the strategic intent, or the outcome, of any plan right and then instill agile execution rituals that allow the team to adapt to the realities of executing against the plan. In this scenario, everyone knows the plan may not survive; however, they remain committed to its intent and regularly come together to re-evaluate the situation—even if business is good—to capture learning and address potential changes in how the plan gets operationalized.

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Rituals are fundamental to this process, along with a sustained commitment from the team—and ideally, the organization on the whole, to follow them as this can make or break a business. One example is the retrospective (using agile terminology) or what everyone else refers to as a de-brief or after-action review. This example highlights the challenge and discipline required because so many people and teams know rationally that they need to do it— after all, it is fundamental to success; and yet, they don’t, typically bowing to time pressures or the energy of another leader to move on to a different project.

To offer but one more example, there is the way specific meetings are conducted, especially those where decisions need to get made. So often, decisions get made—or not made—with people breaking off without clarity, alignment, commitment, and accountability. As you probably imagine, the success rate of executing against those decisions approaches nil. But add in some elements of inclusivity—where the real value of diversity is captured, along with some preparation and critical thinking tools that allow a team to harness their collective intelligence, then you have a meeting where the decision has a much greater chance of being executed against. Success breeds confidence, and confidence leads to more success, bringing the team closer together. We know that the #1 driver of engagement is being part of a high-performing team and the feeling leads to this sort of virtuous cycle. Enter our next attribute.

t3[®] level 05: agile execution - example questions

- Z5.1 Members of this team engage in constructive debate & discussion in arriving at decisions
0 (strongly disagree) to 10 (strongly agree)
- Z5.2 Our team has a disciplined performance review process designed to understand & close gaps in team performance (not referring to individual performance reviews here)
0 (strongly disagree) to 10 (strongly agree)
- Z5.3 Overall, people on this team here think critically, getting to the root issue without bias
0 (strongly disagree) to 10 (strongly agree)

t3[®] level 06: togetherness

Finally, at the zenith of this paradigmatic description, is the concluding and most-elusive attribute. That of togetherness. This is getting to the 'Holy Grail' end of the team-to-togetherness (t3[®]) model; the point at which you can claim you have arrived at togetherness status.

For such teams, there is a mindset of anything together; that is, together, anything is possible.

In such teams, not only do you have exemplar engagement and behaviors from all constituent members but that final piece of 'social glue' - individuals motivated also by the very company of their team colleagues. This is the zone where intra-relationships are defined by shared levels of high professional respect and, indeed, deep friendships. Team members bearing this attribute scale even greater heights (sometimes literally!)

because not only are they passionate about what they do (as built on all the preceding qualities) but it is this camaraderie that sits at the very nexus of this passion. There is no place they would rather be than with the companionship of their comrades and, with this fellowship, a sense of collective invincibility.

Team members at this lofty place not only love to do but this passion is driven to new levels because of this very togetherness. For such teams, there is a mindset of anything together; that is, together, anything is possible.

t3[®] level 06: togetherness - example questions

Z6.1 There is a real sense of shared adversity and accomplishment amongst my colleagues - based on work and non-work experiences:

0 (strongly disagree) to 10 (strongly agree)

Z6.2 With the colleagues I have "on my shoulder", I am wholly confident of collective future success:

0 (strongly disagree) to 10 (strongly agree)

Z6.3 The team I belong to is demonstrably "best in class" (market/sector/field leaders):

0 (strongly disagree) to 10 (strongly agree)

the attributes of a high-performing team

What we have just described serves as our framework for high-performing teams: the team-to-togetherness (t3[®]) model. As per the description, the model is layered; that is, there is a definite sense in which these attributes build on each other. The lower the attribute, the more fundamental. It doesn't matter how aligned, passionate and together the orchestra is, if the individual musicians can't play their respective instruments. Similarly, a collection of brilliant musicians with no agreement on what piece to play is not going to be winning any awards. Conversely, there are many collectives that have talent and clarity (Levels 01 and 02) and, thus, good levels of performance but still a long way to travel to be the top in their game, capable of true high-performance, a team that is 'together'.

We will return to this model later in the paper – after the research findings are revealed – but for now please note that the attributes (output features) we have described require (input) building block capabilities to be in place. These building blocks, in turn, mesh with an accompanying perspective on leadership (and the matching traits/behaviors required of leaders). Practiced, deft leadership sits at the heart of high-performing teams. But more on this later!



Figure 5: The six attributes of a high performing team (t3[®] model)

Now you can see that a granular, structured model sat behind an assessment of Z⁴ (the self-assessment of “do I belong to a high-performing team?” question), we can return to the research findings. Prepare yourself. We are getting very close to the full reveal of the most important equation a business leader need ever know.

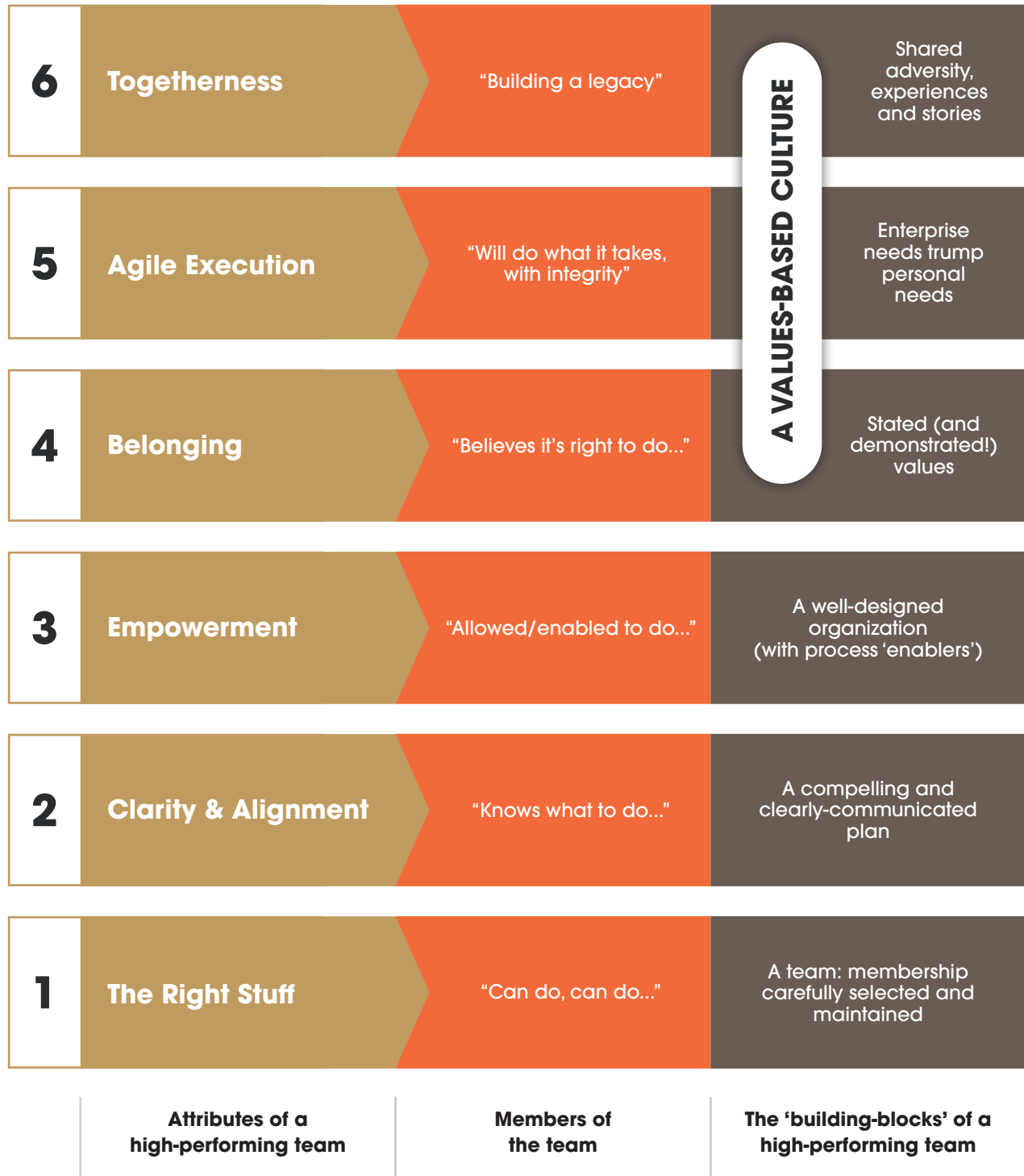


Figure 6: team-to-togetherness (t3®) model | summary overview

⁴For simplicity, each of the six t3® attributes was addressed with three survey questions - these were averaged then combined, with equal weighting applied, to generate a composite, single T³ score.

the findings

So, time to reveal the findings.

Armed with our initial test model of employee motivation (see figure as a reminder), the t3[®] model (to measure Z) and a heap of collected responses, we stood ready to interrogate the data.

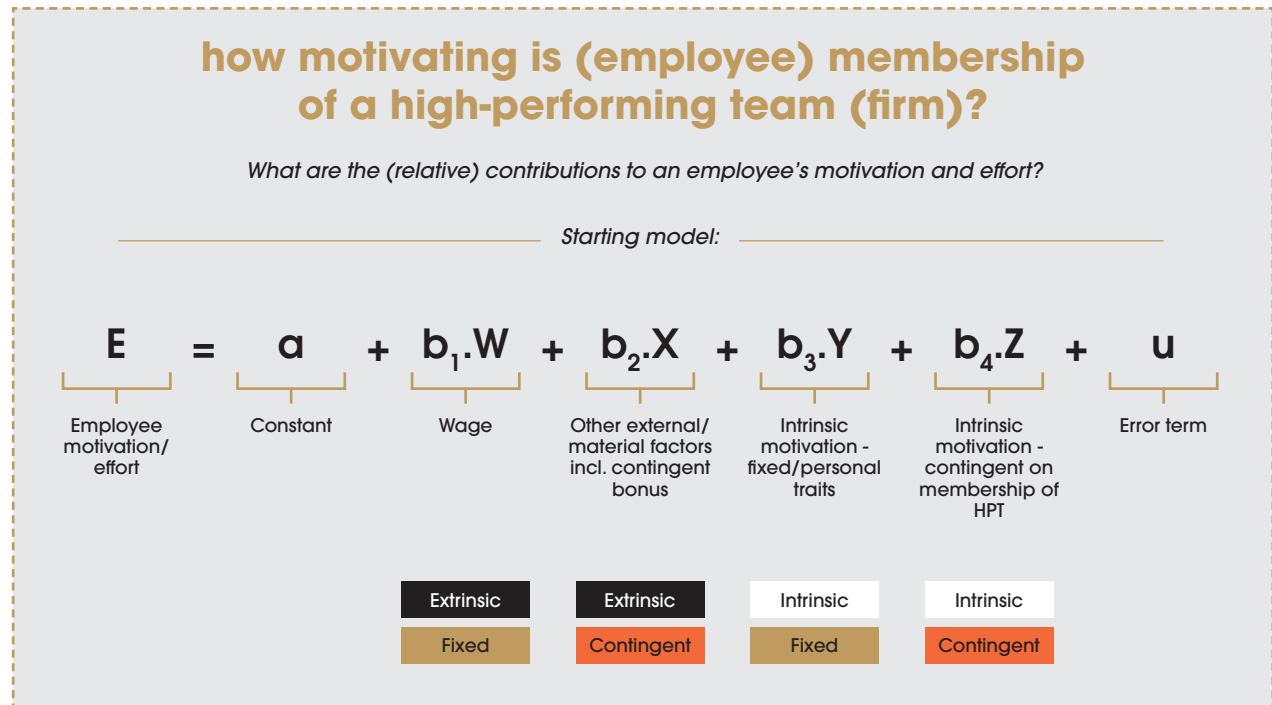


Figure 7 - Reminder: the starting model

What came next was genuinely surprising.

Before we get into this, remember what we were seeking to do here. All the respondents had provided their self-assessed E score and these scores were broadly distributed from 0 to 10 (with an average of 7.0). All respondents had also provided us with a raft of data that allowed us to calculate their W, X, Y and Z scores. What we sought to do next, via regression analysis, is understand what the best-fit relationship was - if any - between their W-X-Y-Z scores and E.

As a first statistical test, it was observed that the variable W coefficient (b1) and variable X coefficient (b2) were both close to 0 and of limited explanatory worth. Speaking technically, you could not - with a 99% confidence interval - reject the null hypothesis (i.e. their coefficients are zero) for either. Regression analysis on the data led to a clear rejection of wage (W) and other extrinsic benefits (X); neither had anything useful to say about E!

Before outright omission from the formula, tests were also run on substituting W (employee perception of wage fairness) with actual wage data. This, however, produced the same result of low coefficient with very low statistical significance.

The first - somewhat remarkable - finding: both W (wages) and X (other extrinsic benefits) could effectively be struck from the equation.

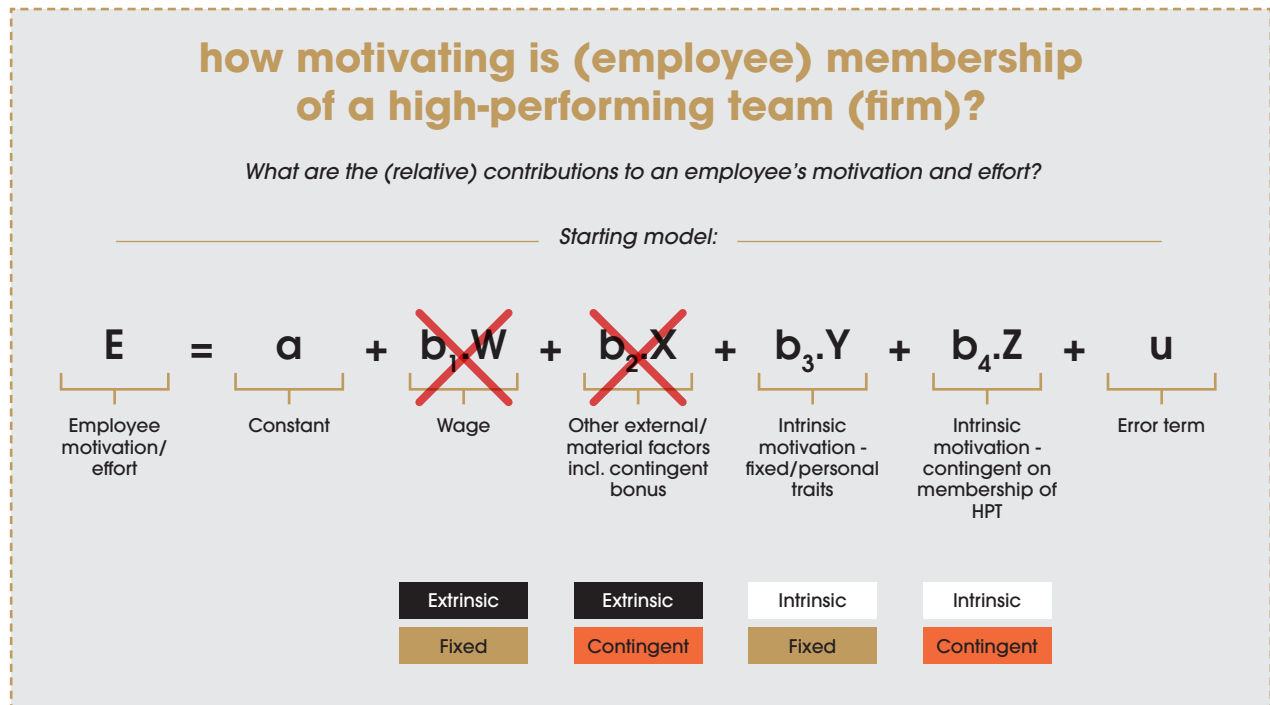


Figure 8 - Findings - Step 1 - W and X variables can be effectively removed from the model

In stark contrast, the coefficients of the two independent variables Y and Z (b3 and b4 per the figure above) were revealed as extremely significant positives with exceptionally strong statistical significance⁵.

What came next was days of (trial and error) exploration to see if there was any further adaptation to this starting equation that resulted in a more statistically significant, best-fit explanation for E. Such adaptations involved exploring new variables (from the survey questions asked) and looking at logarithm and quadratic forms of variables.

⁵For the statisticians, p-values of e-20 and e-23 respectively.

After numerous such iterations, we eventually stumbled upon the following vastly-improved explanation of E:

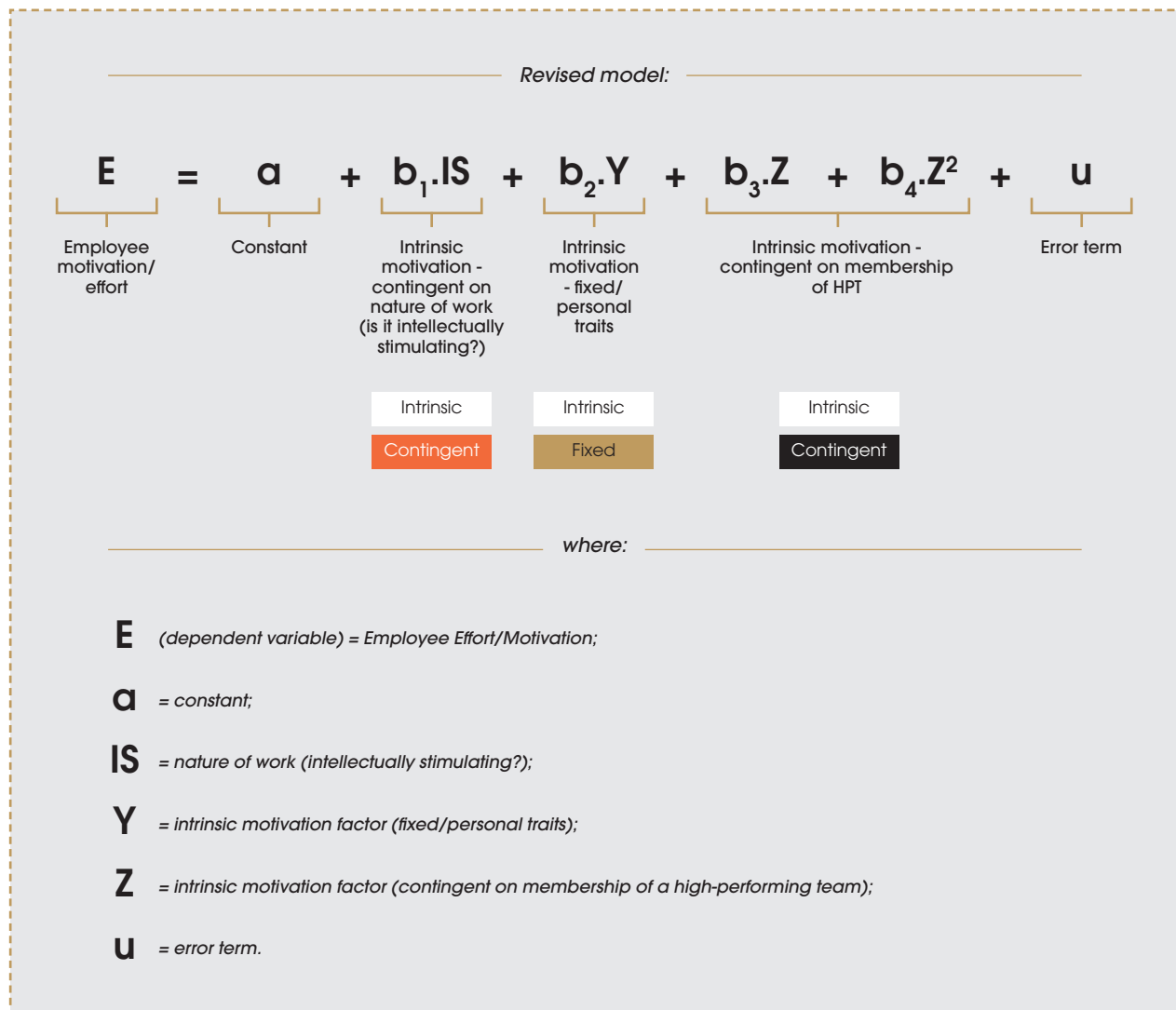


Figure 9 – Findings – Step 2 – A revised model

There are a couple of features to note here.

Firstly, we had discovered that Z (membership of a high-performing team) was best treated as a quadratic function (of the form Z-Z²) as opposed to a linear function. What this means is that Z’s contribution to E is curved, as Z approaches its upper range so the bearing on E reduces marginally. Put into context, moving someone from a shockingly bad team environment into a good team, can have a profound effect on their motivation. Taking the same person from a good team into an absolute stellar operation will still increase motivation but to a marginally lesser degree: the hard miles have already been won.

Secondly, a new variable has crept into the equation. Almost by accident, our survey included a question supplementary to the main body; it asked: "To what degree (0-10) do you agree with this statement: The nature of my work is highly interesting and intellectually stimulating?". We labeled this variable IS and when it was plugged into the overall model, its overall explanatory powers went up another final notch.

Excusing the minor foray back into statistical parlance, statisticians talk about a model's R^2 – essentially an indication of overall model quality or the degree to which it explains all variation in the data. The R^2 of this model was now very high: c. 65% of all variance in E is explained by this model. This is, arguably, an exceptional high R^2 for a model of this human-behavioral nature .

So, with the shape of the optimal explanatory model revealed, all that was left to do was to crunch the numbers: to reveal the actual coefficients which, in turn, would disclose the relative importance of these various factors.

⁶Further – for the lovers of detail - the f-test of joint significance (null hypothesis: all slope coefficients jointly assumed to be 0) is essentially 0; that is, we can reject it – the overall model has very significant explanatory value.

the findings: show me the numbers

Truth be told – after days slaving over the model – this was the easy part. The statistical software – gorging on all the data – produced it in a mouse click.

When it arrived, however, it was a thing of beauty.

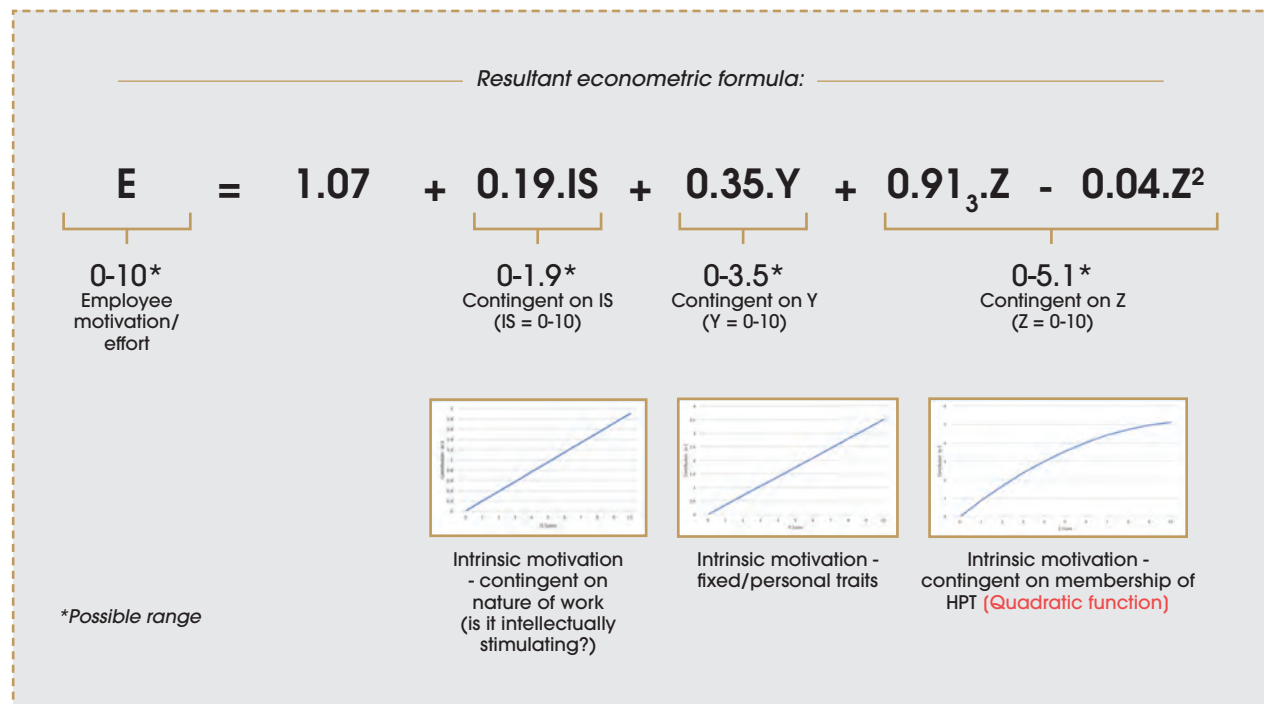


Figure 10 – Findings | Step 3 | The full equation revealed

From a statistical perspective, we had arrived at an extremely robust model. What it revealed about the relative contribution of key factors felt like a genuine first glimpse into the intuitive unknown. It raised, however, a plethora of further questions. Does the model have worth in terms of causal explanation (cf. statistical correlation)? How does it link to the relevant theories (detailed in the appendix)? What practical implications can ambitious business leaders draw from this? This is the final, more-exciting set of coda questions that the paper turns to next.

Before doing so, though, a reminder as to where we have arrived at.

This econometric research has empirically demonstrated (from a comprehensive sample skewed towards primary/ knowledge sector workers) that an employee’s motivation for, or effort within, work has no meaningful relationship to a salary or other extrinsic, materialistic elements such as contingent bonus, allure of future promotion and other practical benefits. An exploration of both actual salary levels (and expected bonus) and employee perception of fairness in this regard had negligible explanatory value.

Rather, an employee’s motivation/effort (E) can be explained fully with respect to three essential factors.

Firstly, E hinges on an employee’s qualitative assessment of the work itself and, specifically, the degree to which it is ‘intellectually stimulating’ (IS).

Rather, an employee's motivation/ effort (E) can be explained fully with respect to three essential factors.

Secondly, E depends on an employee's (self-assessed) intrinsic fixed/personal levels of motivation (Y) – best viewed as their inherent setting, agnostic of any external real world influences.

Thirdly, E depends on an employee's (self-assessed) judgment as to whether they are members of a high-performing team (Z) - as evaluated by the t3[®] model. This is best viewed as a quadratic function per the following diagram (illustrating Z's contribution to E):

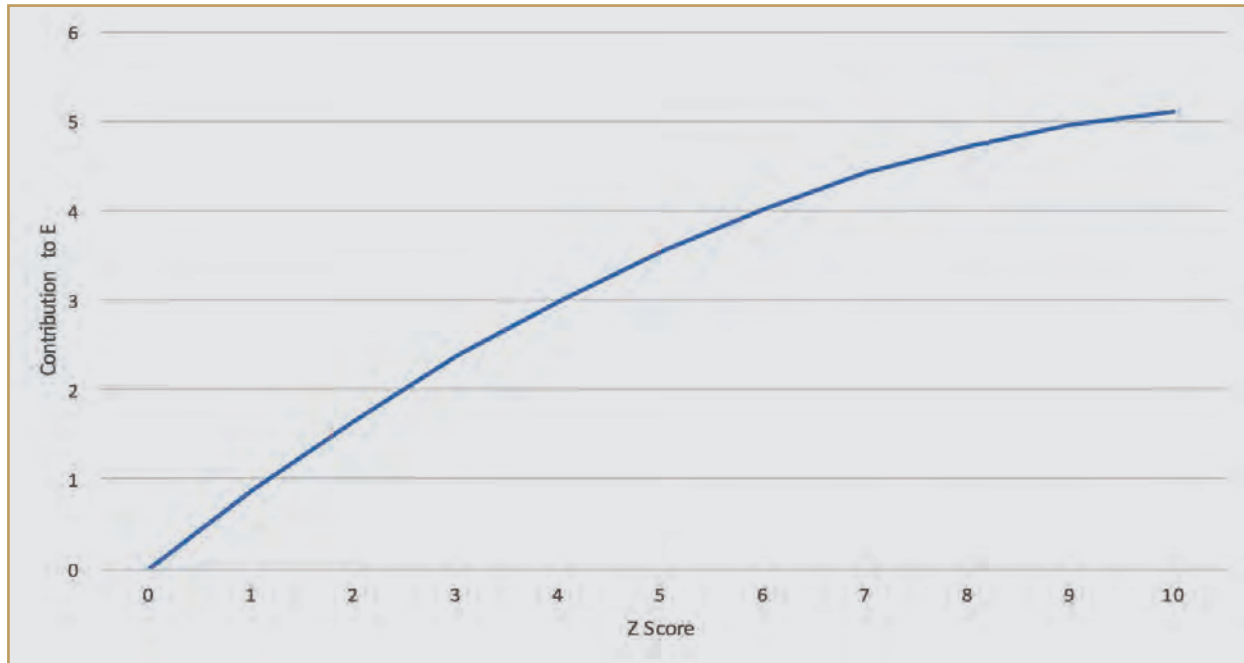
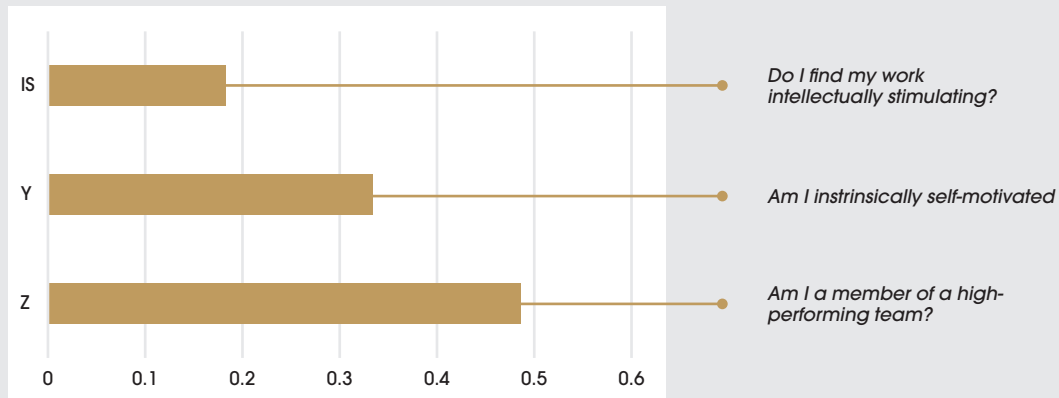


Figure 11 - Contribution of Z (membership of high-performing team) to E (employee motivation and effort)

Of note, there was no delimiter to the bounds of a team in this regard; for some it might be a reflection on a 'one team' company; for others, their local team. Regardless, high-performing team membership (Z) has been revealed as the most important determining factor.

A simple, albeit numerically-crude and rounded, summary of this finding would be to say that E is determined proportionately by and IS (c. 16%), Y (c. 33%) and Z (c. 50%).



As an aside, isn't the symmetry of this revealed relative contribution a beguiling feature also?

This represented an exciting conclusion – especially so, with regards to the degree it sturdily aligned with our originating hypothesis: that membership of high-performing teams is an important - indeed crucial - explanation of employee behavior. More so than all the preceding theories of fairness, gift-reciprocation, high institutional trust, respect and culture-fueled morale. These researched elements are all manifestly significant but are, arguably, all subsumed within this 'high-performing team' context as a richer, more-comprehensive explanatory framework. Our result certainly supports modern behavioral research: intrinsic motivation is of great importance for all economic activities.

Some important caveats and reader warnings. It is not suggested that we completely reject the neoclassical link between financial gain and effort. Rather, these findings are more-likely suggesting that once remuneration levels broadly match anticipated (and fair) sector-levels this aspect ceases to be of any meaningful import with respect to E. The reader is also reminded of the heavy skew in the sample to professional roles within primary sectors; the findings may be somewhat different with secondary sector coverage. Notwithstanding, the near-zero significance of pay and ancillary material reward was unexpected and noteworthy.

Now that you understand the equation and what truly drives E, let's turn to its logical corollary. As a matter of grave imperative, you should now ask: what can ambitious leaders, armed with such knowledge, do to maximize employee effort/motivation (and hence performance)?

Great question – thanks for asking – it is where we now head.

the implications

Now we can get down to business.

You have invested time and energy in reading thus far - I am sure with a motivation to affect positive change in your organization. We have no doubt, by dint of the fact you have this paper in your hands, that you care about employee motivation/effort (E) as a primary fuel of overall performance. You must now, therefore, be seeking practical translation to your own situation.

The preceding section has, importantly, revealed the critical areas where your next-step, focused interventions should lie. For absolute clarity – and perhaps for the reader who has skated lightly over the research findings, let us state this in simple terms.

Business and organizational leaders can significantly positively influence aggregate employee (or team member) motivation and effort by (in escalating importance):

(1) Maximizing IS

You do this, by designing work/task allocation, at all levels of your organization, to be as intellectually stimulating as your specific operating circumstances allow.

(2) Maximizing Y

You do this, by very carefully selecting into your organization individuals who have high levels of fixed-intrinsic self-motivation – and – potentially managing out those that don't. The fixed aspect of intrinsic motivation (we turn next to the critical component of contingent intrinsic motivation) is, by definition, not subject to variance. The focus here, therefore, is about identification and selection cf. management.

(3) Maximizing Z

You do this by building a high-performing team environment. A massive topic but this is the game-changing, nub of it all!

Let's take some time to unpack each of these three aspects in turn; specifically, to provide some granular thoughts and practical ideas as to how you can affect such improvement. Usefully, Perpetual's t3® model (as used to gather these data insights) can now be of massive support in pointing leaders towards areas of improving intervention.

We start, however, with ...

(1) Maximizing IS: Practical Steps

We are motivated to grow, to professionally flourish, to create new things, to feel that we are contributing our own individualistic flair and intelligence when contributing to organizational and team tasks.

It is clear, with primary sector employment at least, that intellectual and creative space is paramount. We are motivated to grow, to professionally flourish, to create new things, to feel that we are contributing our own individualistic flair and intelligence when contributing to organizational and team tasks.

This all has strong overlap with t3®: Level 3 (Empowerment) but, for now, we would make the simple point that leaders should take risks in this regard. Internal processes and operating procedures are integral to standardizing your delivery of services but should never be to the detriment of such individualistic spark. Far better that the occasional mistake is made by the inexperienced member than to fetter the enormous gain that comes from moving self-autonomy down to levels you might not, at first, feel intuitively comfortable with.

The key is also to ensure – even within roles that are somewhat routinized – that everyone has goals, objectives and the provided time-and-space to intellectually grow. Leaders need to signal huge, and genuine, receptiveness to new ideas from all colleagues and such new ideas should be explored with encouragement (the skunkworks concept – made famous by Lockheed - is a classic example of this). Further, this is all about professional development. Regardless of your field, you should always promote a clear development path to all members of your organization (a competency framework in HR parlance) and then encourage everyone to progress through this as fast as their talents and ambitions allow. Such a development track should include intellectual stretch – say in the form of professional study, accreditation or research.

case study

At one client company, we have observed the construct of 'Explore Teams' to investigate new areas of potential firm development. Complied of volunteer members interested in the domain question, internal teams are tasked to go away and feedback their researched assessment as to what level of investment the firm should make in, say, a new sector, geography or service. Similarly, internal project teams were constituted to constantly refine all aspects of firm operation – allowing colleagues to apply energies to selected areas of professional and intellectual fascination.



quick fire questions and practical idea triggers:

- ➔ Are members of all levels of your organization allowed some room to intellectually contribute and grow?
- ➔ Particularly if the work is somewhat routinized, do you encourage new ideas and approaches and their subsequent development into practical realization?
- ➔ Have you clearly communicated a structured career development path – encouraging intellectual and professional growth en route?

(2) Maximizing Y: Practical Steps

As previously stated, this is all about the identification and selection of an employee's inherent, fixed motivation cf. any management or development of this core aspect (which, by definition, is impossible). To repeat: we are referring to the existence of a fixed, background, component trait as a subset of an individual's overall intrinsic levels of motivation.

The critical role for leaders here is as gatekeepers into your organization.

The critical role for leaders here is as gatekeepers into your organization. Many successful leaders reflect that this is their primary role and that, with this function done well, the rest just happens. As the saying goes: "it's all about getting the right people on the bus" and there is nothing more important in the context of such filtering than the scrutiny of a prospective new team member's attitude and intrinsic motivation.

So how is this best done in practice?

We have three things to say here.

Firstly, really focus on this aspect during your selection process – more so than even the technical components of the role. Within a typically-short selection process (often involving a contrived interview situation) this is notoriously difficult to accurately ascertain – many people are very adept at telling the story they know you want to hear. The best you (and your expert recruiter!) can do is probe for evidence of such motivation – what has the prospective new joiner pro-actively done of their own professional volition? This question is often more illuminating when directed outside of work into their personal and communal lives. Ask: "what are you most proud of having achieved outside of work?" Probe for what makes them tick in this regard – their areas of passion and personal growth, the teams they have joined, the causes they serve. This can give some indication as to their levels of inherent drive.

Secondly, accept that this aspect only truly reveals itself with time (we will occasionally misfire) so embed a probation period as the means to review-and-confirm every hire. A considered probation period allows for some risk mitigation. Related to this point, we would advocate that such probation periods are extended for as long as is legislatively allowable. In our experience, you need at least six months to get a genuine handle on this core attribute – to remove the taint of any initial role-playing. Leaders should also ensure that the working patterns of organizational life deliberately

encourage professional and social mixing (intense work-train-play 'Retreats' away from a workplace are a great device for this) in order that new joiners are given maximum exposure to your team. The more eyes on this probationary-question the better. Such a probation should include the discipline of a scheduled review – say, two weeks ahead of its expiration to formally conclude an evaluation: critically so with respect to the new employee's attitude and cultural fit with the wider team. Such a discipline will be contrary to the sad norm: of arriving at realization of a mis-hire immediately post a probation period's expiration.

Thirdly, trust your gut - especially so if small internal alarm bells ring in the initial stages of a do-we-hire? appraisal. If something doesn't smell quite right, or you spot the slightest misalignment between espoused rhetoric and the actual evidence of such inner drive, you are normally right. In our experience, no amount of formal HR testing and evaluation (as useful as that all is also) can replicate this tacit vibe you will often have as a leader. Trust it.

Finally, a quick word on managing the situation of taking on an existing team with very low Y-score members. This effectively heightens the challenge of maximizing IS and Z especially – as without this source of contingent motivation, such employees will truly have minimal contribution to make. Conversely, as the research illustrated, many people self-concede to having low/average inherent drive but fizz with motivation as a function of such high-performing team membership. So, in short, this situation raises the onus on these other aspects. If such low levels of inherent drive are coupled with poor team behaviors (say, misalignment with team values) then courageous conversations (and decisions!) are needed. Nothing is more crippling to overall organizational performance than the protracted presence of such individuals.

?

quick fire questions and practical idea triggers:

- ➔ Does your selection process do enough to probe the critical aspect of an applicant's inherent, fixed levels of self-motivation?
- ➔ Is your probation period long enough? Do you have a formal evaluation checkpoint in place ahead of its termination?
- ➔ Can you do more to mix new joiners with the wider team – both professionally and socially – to increase eyes on such a critical early assessment?

(3) Maximizing Z: Practical Steps

So now to the main effort. As the research loudly reinforced, this is where leaders derive the biggest bang-for-buck effect. And, this all starts with leadership!

Let's step ourselves back up the team-to-togetherness (t3®) model: asking at each layer what practical steps can be taken to advance your average Z scores. Please note that this presentation is somewhat of a summary level as we are now, necessarily, skating thinly over a very deep body of knowledge.

A reminder of the model:

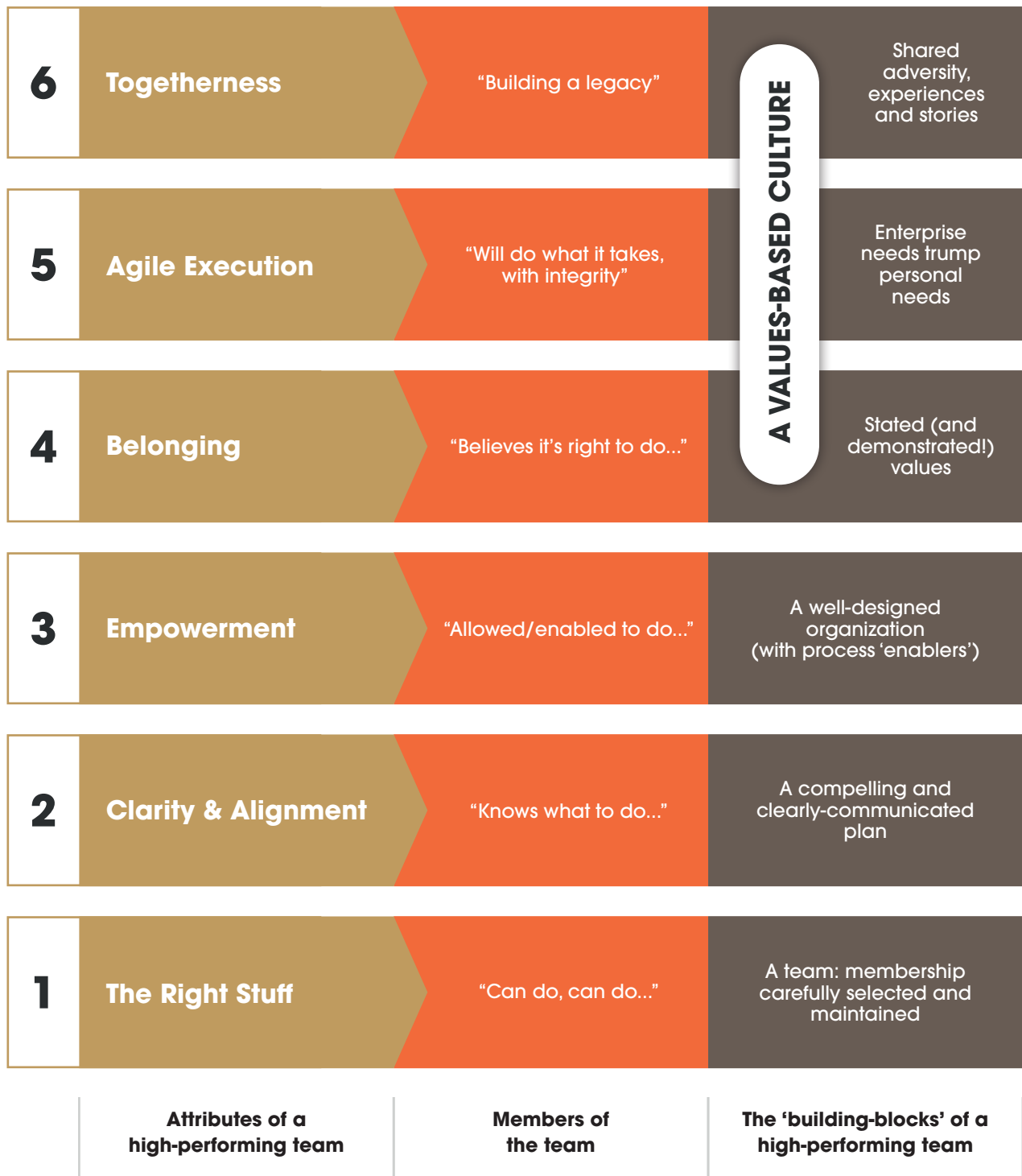


Figure 12: team-to-togetherness (t3®) model | summary overview

13[®] Level 01: The Right Stuff

Achieving success at this critical, foundational level is as much about selling your vibrant organizational story, full of ambition, to the naturally-ascendant, value-aligned professionals that you seek. The louder the brand you stand for, the easier this is.

investment in a facilitated, group-based practical exercise can be valuable. Where time and money precludes, you want, as a minimum, to really probe for evidence of such historical team-based contribution. Again, insights into life-outside-work often speak loudest.

Finally, it is worth emphasizing the leader's role with respect to pro-actively searching out and finding the right stuff cf. passively waiting for such applicants to arrive. Exemplar leaders know the type of colleague they seek and actively search them out within their near-networks. This doesn't, however, mean just recruiting to your own image and potential prejudices (a real risk of such near-sightedness) – just the proactive hunt for others who share your exemplar professional values and behaviors as the only relevant common denominator.

Achieving success at this critical, foundational level is as much about selling your vibrant organizational story, full of ambition, to the naturally-ascendant, value-aligned professionals that you seek. The louder the brand you stand for, the easier this is. And, of course, once such teams are assembled, leadership is all about the ubiquitous encouragement, mentorship and professional development of its members thereafter.



quick fire questions and practical idea triggers:

- ➔ Hire first from your near-networks (albeit with caution if such a network is not diverse in its make-up). Nothing beats self-knowledge of a prospective colleague from a previous experience - or - the trusted reference from a first-level, respected professional acquaintance or strategic recruitment partner.
- ➔ Does your selection process do enough to probe for these 'can do, can do' and team-based qualities?
- ➔ Are such core qualities sufficiently recognized, valued and rewarded in role?
- ➔ What next action step can be taken to improve your organization's skills training and professional development offering – a task that truly never ends?

13[®] Level 02: Clarity & Alignment

You have your team members (made of the right stuff) in place. The next focus is on achieving clarity of aim ... everyone knows what to do.

You will recollect that this is about ensuring all team members know and understand the organizational aims, their specific objectives and how these two aspects logically connect (often via a cascade down through your organizational levels).

Such objectives need to be clear and simple – what is simple is understood and has the potential to be realized.

Such objectives need to be clear and simple – what is simple is understood and has the potential to be realized. They should also not be too numerous – somewhere, say, between 5-10 (as an absolute maximum) at all levels.

The act of developing such plans is as important, if not more so, than the wide dissemination of them. Developing such plans as a whole team endeavor ensures that new (and often unexpected) ideas emerge, strategies get tested (especially in cultures that values intelligent challenge from all members) and everyone is emotionally connected to the vision and mission ahead.

Leaders have a role in ensuring such plans are in place (inevitably a single controlling mind is required to facilitate the bringing together of the parts and overall coherence). Leaders also have a role in ensuring the stated direction of travel remains valid – deftly balanced against the counterpoint of not quitting on plans just because the going gets tough.

Once plans are in situ, leaders should regularly check that everyone knows their respective contributory role as well as frequently communicating progress against the top-line, strategic intent (and what can be learned from any actual-to-baseline variance).

mission command

The military use a process of plan formulation and dissemination known as mission command. Its core principles are relevant to any effective organization. Everyone in the team should know and understand the overall objectives of the overall mission – such that their specific mission (and set of objectives) is given framing context. Further, such plans (or orders) have the minimum amount of fettering constraints as required to ensure the safe and effective coordination between moving parts; thereafter commanders at all levels are empowered to use their own initiative and flair to deliver the objectives i.e. plans are focused on the what and not an overly-prescriptive how. The onward cascade of plans (the orders process) is, however, a very prescribed affair: as required to ensure every individual understands their role. Team leader: “Any questions on how we are going to execute?” ... “ok ... no more questions from you ... now I have some for you ... to check your understand this plan and your role within it...”.



quick fire questions and practical idea triggers:

- ➔ Is there an organizational plan in place!? Has it been communicated?
- ➔ Does everyone in your organization have a clear set of personal objectives – with an evident link to team and organizational goals?
- ➔ Are personal/team/organizational plans regularly and systematically reviewed, appraised and updated?
- ➔ Can you do more to communicate progress against objectives – at all levels - keeping colleagues appraised and motivated (small wins often)?

t3® Level 03: Empowerment

This attribute can best be described as a state in which the members of your team are most efficiently and effectively able to pair their talents with your team's objectives. Contingent on the environment in which you operate, there will always be some level of managerial control and coordinated restraint required; for example, a successful military operation must say more to its members than simply "go defeat the enemy" as a lack of coordinated force can be disastrously self-destructive. That said, any such constraints on movement (the term used in its widest sense here) need to be the bare protective minimum - set only as required to intelligently de-risk against any likely negative outcomes of complete free-wheeling.

This requires deft, case-by-case consideration. By example, some organizations have onerous legal and regulatory compliance issues (with the need for strict balances and checks), military teams require detailed orders to minimize blue-on-blue disaster and successful sports teams require some coordinating shape and stratagem; indeed, even the most free-spirited enterprise will have some process for coordinating and channeling action.

The critical point is that any such control parameters need to be the bare minimum as required to mitigate against unacceptable negative outcomes; it is curious to note that (especially if a team has been in place for some time) many team rules invariably surpass such protective considerations and often tend towards a serious encroachment on general team effectiveness. By contrast, high-performing teams are operating close to 100% efficiency and effectiveness in this regard; where there is any constraining structural, or process, element it is only for the sensible purposes of orderly coordination, and truly unacceptable-risk avoidance. High-performing teams constantly challenge the need for such structural and process barriers ("do we really need so many people in this sign-off step?") and are constantly on their guard for any growing bureaucracy. High-performing teams are invariably part function of a well-designed operation - where individual members can unleash their talents unconstrained by any energy-depleting, near-pointless process.

Another way of looking at this is decision-making tempo. The most effective teams move through the observe-orientate-decide-act (OODA⁷) loop faster than their competitors and, in doing so, quickly achieve competitive advantage. This is true for all competitive domains: military, sporting and commercial. Leaders have a massive role to play here – both in terms of organizational design (no unnecessary meetings) and through encouraging proactive decision making: far better to have tempo and get decisions right 80% of the time than subject your team to stifling decision deferment – in

⁷Developed by military strategist and United States Air Force Colonel John Boyd in the 1960s.

Far better to have tempo and get decisions right 80% of the time than subject your team to stifling decision deferment - in false expectation of perfect data/clarity.

false expectation of perfect data/clarity. Some risk must be accepted here; the inverse is stasis and demoralized teams (and, ultimately, non-competitiveness).

Empowerment is also enhanced when every unit of an organization (down to individuals) understands the logical contribution it is making to higher intent. Military commanders use the phrase "in order to" whenever mission/task statements are communicated - thus, ensuring everyone knows what

specific outcome is being sought (cf. how to achieve it) and, also, how this connects to a wider frame and objective. Such communication encourages innovation and independent flair when operational circumstances change - as they invariably do.

?

quick fire questions and practical idea triggers:

- ➔ When did you last review the meeting structures within your organization? Can they be simplified?
- ➔ Do you have the balance right when it comes to decision-making tempo: accepting some risk for the gain such tempo brings?
- ➔ Grab a colleague and ask: "Is this an easy place to work at?", "What processes would you drastically refine or do away with?". Act on the answer.
- ➔ Can your organizational structures be simplified - reduced layers, grades, locations?
- ➔ Is individual autonomy and flair really encouraged, celebrated and rewarded?

t3® Level 04: Belonging

Let us describe the observed norm with respect to the typical treatment of organizational values.

Most organizations will, in unthinking Pavlov fashion, espouse that values are inherently important; many will be able to point to an (often long) list of bland, platitudinal attributes. Amidst the mediocre masses, however, they rarely stand for much. Yes, the average team member might be able to point to the company poster above the photocopier but, in the main, they will need to walk over there to remember what they are (and this because they were created in some distant past by the founder or via some esoteric HR survey). For the norm, such espoused values have no genuine resonance, no actual connection to behavioral norms. Typically, there is no silver thread between these words and actual moments of differentiated high-performance.

Let us, conversely, attempt to describe the role of values in high-performing teams - how they are established, communicated, reinforced and brought to life as genuine totems of culture.

Teams that are making meaningful progress at t3® Level 04, will have spent some very deliberate time in bringing together everyone to develop a set of shared values. This is the first critical stage in developing a values-based culture. Such work requires deft, skilled facilitation to ensure the resultant set: represents your team's uniqueness (cf. bland generic list), best summarizes cherished personal values and is captured in memorable language. Where such values pre-exist in larger organizations, then such exercises, at least, review and refresh.

You see, ... values really matter. Clear, shared values beget strong cultures that, in turn, beget winning behaviors and results. High performing teams invest time and energy in locating values that authentically resonate with the team's legacy and membership. They do this in a way that secures broad ownership of the values; in a manner that makes them

You see, ... values really matter. Clear, shared values beget strong cultures that, in turn, beget winning behaviours and results. High performing teams invest time and energy in locating values that authentically resonate with the team's legacy and membership.

real and keeps them at the forefront of a firm's culture and behavioral code.

Of course, the process does not stop with values defined. They need to be kept alive as a function of manifest leadership example, signaled recognition and praise for those that live them (and disdain for those who don't!). New joiners should also be quickly steeped in their importance: defining as they do "what it is like to work here".

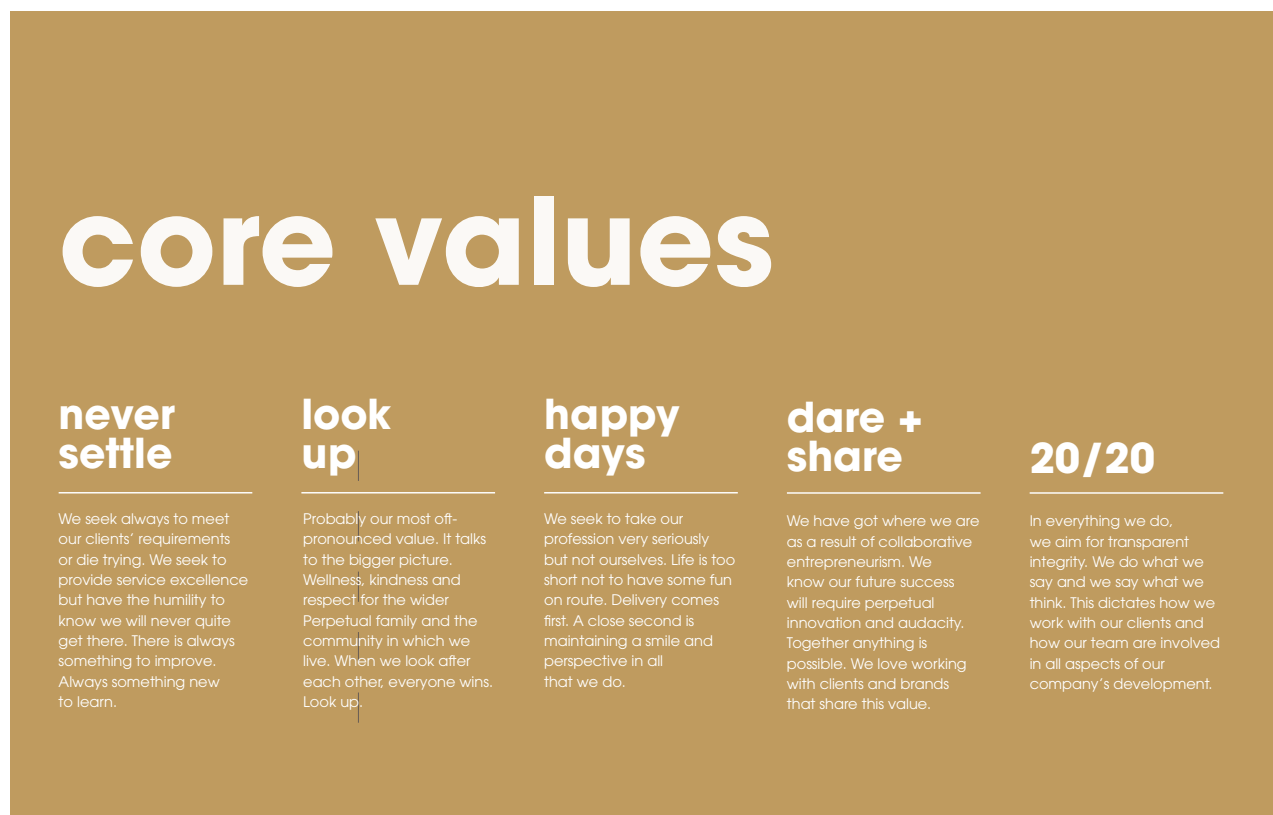


Figure 13 – Perpetuals's carefully-developed team values – brought to life

At a deeper level, belonging is all about the connection of organizational purpose with collective personal purpose. One of the most powerful and moving (he was a Holocaust survivor) expansions on this is Victor Frankl's best-seller: Man's search for meaning (1946). Frankl, a neurologist and psychiatrist, describes the inherently human drive to discover meaning in all that we do and the incredible motivations that flow from this source. Simon Sinek's more recent Start with Why (2009) articulately reinforces the point. People yearn to attach meaning to their lives; we come to work not simply to collect paychecks but to contribute to a meaningful purpose. The prouder and louder your organizational Why, the more powerful this connection will be.



quick fire questions and practical idea triggers:

- ➔ What is your organization Why?
- ➔ Grab a colleague. Ask them to list the organizational values? If you get a blank look then you have some work to do!
- ➔ A set of genuinely shared values is a bedrock for team high-performance. If you don't have such a set invest the time/energy/resource (off-site is best) to give this meaningful time. It will be one of the best investments you make.
- ➔ Do you pro-actively recognize and celebrate value-aligned behaviors? Whole team recognition is critical here (quarterly team awards?).
- ➔ Are your values memorable? No point in having more than five. Can the language be improved to improve their recollection and utterance; think "Never settle" as opposed to "We strive to develop a culture for continuous improvement".
- ➔ How do values feature in your selection, induction and regular performance appraisal processes? Maybe time to make such linkage clearer?

13[®] Level 05: Agile Execution

To put the attribute of Agile Execution in perspective, it is useful to take a step back to characterize the previous four. The first three mind you, are critical for horizon one (short-term) execution against any plan; one does not necessarily need to be fully engaged or have a true sense of belonging (the fourth attribute) to meaningfully contribute over this period. These can be described as somewhat transactional. Still, so many firms get these first three foundational attributes wrong.

The fourth attribute of belonging, on the other hand, is the foundation for retention and commitment. Sustainability of performance begins here but alas, by itself it is not enough. As mentioned earlier, even the best plans will need to change in dynamic operating environments, so this begs the question—how does a team or organization go about doing that, especially given all the work to communicate the original plan, ensuring the higher order strategic intent is fully understood?

The process begins with recognizing that the plan will change in the first place. So many organizations find that their budgets are already off course early in the year and revert to plethora of 'latest estimate' plans (LE1, LE2, LE3, etc.). Often, it is quite comical as the LE reaches in the double digits—LE14, for example. These adjustments to the budget are fine, but the disciplined collective thinking that results in these outputs are what matters. In fact, perhaps the numbers do not need to be adjusted at all (see case study below).

The trick in agile execution is to maintain levels of extreme ownership to the strategic intent of any plan through the adversity that will no doubt come. To do this, collective problem-solving that effectively allows a team drill down to insights that lead to a solution is key. But that is not easy as any group work is wrought with dysfunction that occurs naturally when humans work together; examples include the louder or more senior voices being heard at the expense of potentially wiser,

Even the best plans will need to change in dynamic operating environments, so this begs the question—how does a team or organization go about doing that

silent types or a leader's belief that their idea is best, allowing their ego to win out and essentially keep them from truly listening to others. The answer is this: install a periodic ritual where the situation is regularly analyzed, unearthing subtle changes that lead to breakthrough insights and adjustments to any plan. Again, the intent can remain the same, it's the plan that changes.

This type of ritual is far more important than spending the last eight months of any calendar year on a detailed plan. Consider the lost productivity of all the people in most organizations who are involved in bringing a corporate plan to life, only for it to be rendered obsolete so quickly. Instead invest in agile ways of operating.

case study

At another company, we observed a small "Culture and Communications" project team charged with keeping such aspects alive. The members were carefully chosen - talented members with massive values feeling of Belonging to the organization. Their remit was extremely wide - almost one of initiating organised chaos. This small team gestated a raft of ideas to celebrate their inner brand: team pyjamas, mugs (emblazoned with their photographs as babies - "baby mugs"), "Muppet of the Quarter" award (the prize was a pottery statue created at one of their monthly surprise-activity socials), Trump cards (every team member turned into a card), annual desk calendars (every birthday celebrated), yearbooks, the "annual wind up" etc. You get the drift.

?

quick fire questions and practical idea triggers:

- ➔ To what extent do leaders create the conditions of psychological safety so people can speak up and share ideas without fear?
- ➔ Which intact and cross-functional teams need to be trained and operating in this manner?
- ➔ Does your organization know what it knows? Wisdom exists in pockets, but rarely does it transfer to others in an unfiltered fashion

t3® Level 06: Togetherness

And so, we arrive at the zenith of the t3® model.

To some degree, this is arrived at as a result of excellence in all preceding levels – the momentum sort of carries you there – but not completely. There are some, again nuanced, features of this level that leaders must focus on to truly enter such a sacred state (and this really is the layer of the very few!).

As described earlier, at the highest level of t3® you can truly claim to be a team that is 'together' . A team that has characteristics of a super-team (the word team being commonly attached to any arbitrary assembly of people). The simplest test for such teams – always operating at the top of their domain – is that members universally describe a sense of collective invincibility (importantly - without hubris) as a function of the company they keep. "Together with my colleagues ...", they will say "... anything is possible".

Such teams have super-charged levels of collaboration: of pivotal importance to its members is team success; more so than the pursuit of any personal ambitions (as high as this will be also). Team members inherently and selflessly look out for colleagues and rush to their shoulder whenever support is needed. These super-teams exist when the relationship between its members transcends the technical/professional sphere; there will be huge amounts of personal trust, respect and friendship across its membership. Even relatively new joiners will be quickly inculcated into this vibe

Commensurate with the lofty heights reached in the t3® model, so the leadership skills required to foster this are of a very special, rare nature also. t3® Level 06 leaders are force multipliers; that is, agents that facilitate and celebrate collaboration amongst the team that engender this sense of "anything together" in every sinew of their being.

Such leaders start with an unyielding focus on Level 01 (it all starts with the right stuff remember) but take the team development all the way through to the creation of a time-and-place where all members like, trust and care for each other.

In final analysis, Level 06 takes time. It is only with time and the consistent demonstration of leadership behaviors (built on top of all the stuff we described in Level 05) that such emotions are forged. Critically also, is the function of shared adversity, experience and story-telling in this regard. Teams that train hard together, teams that professionally succeed (mutually proving they can reach every increasingly high-standard and objective set) and, importantly, teams that play hard away from normal organizational life ... ascend to this level.

t3® Level 06 leaders maintain exemplar ambition, "always a little farther", always jumping on any green shoots of egotism or self-importance, and, always encouraging the creation of these shared experiences and stories.

t3® Level 06 leaders are always maintaining exemplar ambition ("always a little farther"), always jumping on any green shoots of egotism or self-importance, and, always encouraging the creation of these shared experiences and stories. Encouraging such shared experiences outside of work is especially important if the nature of the core operation does not lend itself naturally to trust-building and story-creation within.

We need to make a final comment here. Moving along the t3® path as a leader is really difficult if you have not had first-hand experience of previously being a member of a Level 04+ team yourself. As mentioned at the start, so few people have this privileged reference point; indeed, I would posit that even the most fortunate will rarely experience more than a few episodes of t3® Level 06 in their entire working lives. So what? Well, if you suspect you may not have had this experience – that is never belonged to a team that is truly world-beating (and note this sense is visceral – no paper can accurately describe it) – then you should leave this reading, hungry to join one. Nothing will prepare you more for t3® leadership than having a solid personal reference point of witnessing such values and behaviors in action. This doesn't necessarily mean looking to change your job! Many people take their professional teamship reference point from far wider life experience: volunteering, sport, adventurous challenge etc. So, just keep your eyes wide open for such opportunities and hunt out leading organizations/clubs highly regarded for their team-orientated success.



quick fire questions and practical idea triggers:

- ➔ As a leader, are you doing everything you can to facilitate collaboration across the organization? This involves an examination of the cultural behavior (is such collaboration celebrated and awarded) as well as related systems and processes.
- ➔ How often do you bring your whole team together - ideally in a place that engenders a sense of 'isolated escape' - to celebrate team success, plan for the future, train together, socialize together and create new collective stories ("do you remember how Paula overcame her fear of rock climbing?")? Maybe, time to hatch plans for such an event?
- ➔ Are your organization/team goals and standards ambitious enough - humans excel when they feel proud membership of a collective aiming high?
- ➔ As a leader, do you carry this sense of "anything together" in your language and actions? It is remarkable how infectious this belief can be ... so once the building blocks are in place, set this tone, ... force multiply!

finally... where did W and X go?

We have come a long way; but, before we wrap up we need to tackle a side-question that may have popped into your mind. It certainly popped into ours as a function of this fascinating research.

The question: where exactly did W and X go?

Put another way, we all know that wages (and all ancillary extrinsic benefits – bonuses etc.) have an important role to play somewhere; so, if they don't materially impact on an employee's in-situ motivation, what do they impact upon? In the context of an overall understanding of employee performance, where did they go?

Well, as triggered by this research, a broader conceptual explanation is forming (in our minds at least): ripe for future such primary-data-collection-to-regression-analysis and exploration. This nascent model – linking employee effort to its parent: employee performance - looks as follows:

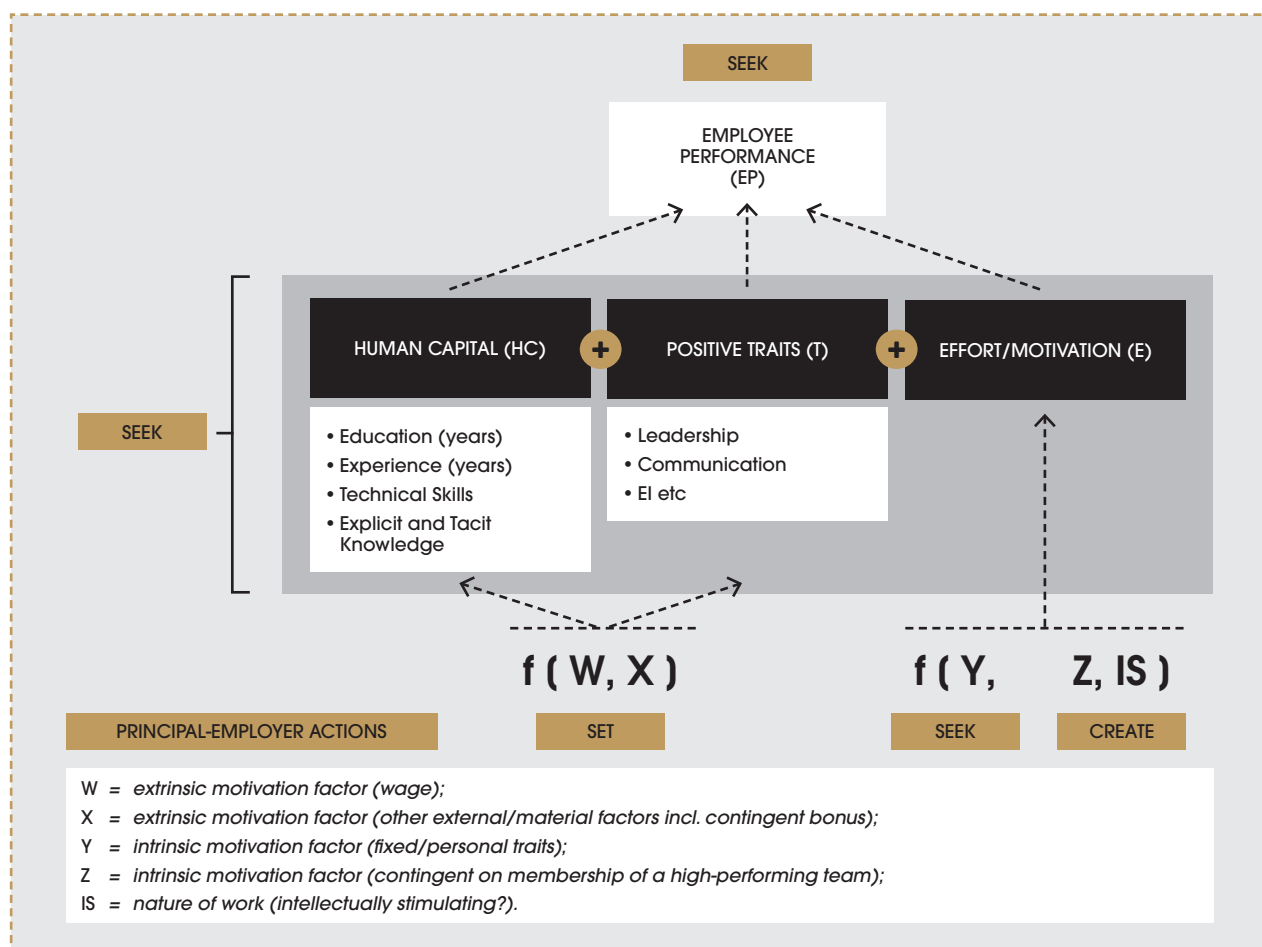


Figure 14 – Linking employee effort to employee performance | nascent thoughts

The forming concept behind this broader model is that W and X are, of course, (highly) relevant to the sourcing and securing of talented employees. Fair W and X is required, contingent on wage/sector segmentation and expected norms, to recruit employees with the requisite levels of human capital (HC) and positive traits (T).

Thereafter, ongoing performance is far more contingent on employee effort which, in turn, is predicated (as this paper has demonstrated) on Y, Z and IS.

These are early, initial thoughts but the summary implication would be: of course, wages and related benefits are important but only in so much as you must be market-fair in this regard (noting that once this test is passed, competent individuals are far more motivated by the possibility of joining a high-performing team).

Certainly, employers would be well advised not to exaggerate entry compensation (W and X) in order to compensate for evident failings with your organization's team score (Z). That is a myopic recipe that will unwind down the line with performance damaging implication. Rather, the hard miles need to be won by investing in the team-to-togetherness journey!

conclusion

This all began with a fascination as to what truly motivates employee effort.

Specifically, we sought to measure the relative contribution of various motivational factors - as regressed onto a self-assessed employee motivation and effort score. An (ordinary least squares) regression was undertaken on 326 data samples collected via a primary data collection exercise (online survey).

Remarkably, this analysis rejected our starting model. Key external/extrinsic factors such as wage (W) and additional material factors such as contingent bonus (X) were abandoned; they had no demonstrable, statistically-significant bearing on employee effort and motivation (E).

The subsequent analysis revealed that, rather, employee motivation was significantly explained by three critical (intrinsic motivation themed) variables (in escalating importance): the nature of the work itself (IS), fixed/personal motivation (Y) and membership of a high-performing team (Z; as measured by the t3[®] model).

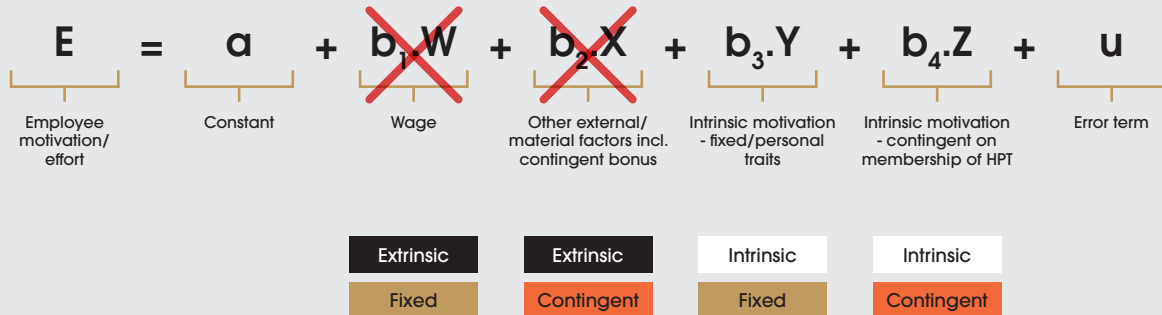
Membership of a high-performing team was, by far, the most significant of these factors. Please remember, however, the skew of this data sample towards primary/knowledge sector workers; great caution should be taken in transferring the implications wider.

The 'intellectual journey' of this project can be summarized in the schematic on the next page.

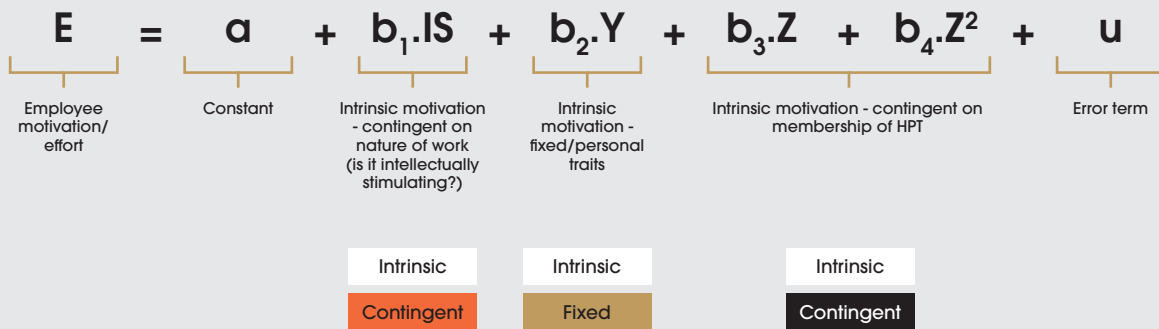
how motivating is (employee) membership of a high-performing team (firm)?

What are the (relative) contributions to an employee's motivation and effort?

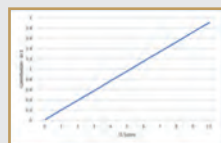
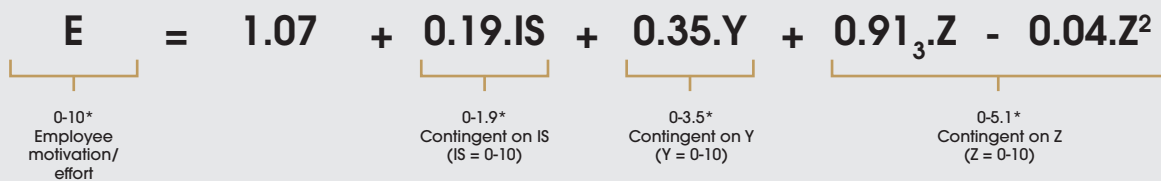
Starting model:



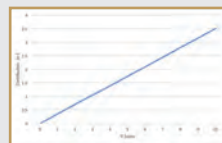
Revised model:



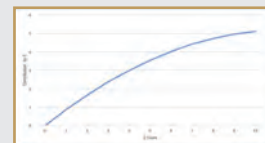
Resultant econometric formula:



Intrinsic motivation - contingent on nature of work (is it intellectually stimulating?)



Intrinsic motivation - fixed/personal traits



Intrinsic motivation - contingent on membership of HPT (Quadratic function)

*Possible range

Figure 15 - Overview of the research project 'journey'

to closing thoughts...

Adam Smith's seminal magnum opus, *The Wealth of Nations* (1776), was a precursor to the modern academic discipline of economics. The primary construct of his persuasive theory was that of the market and the (relative) price mechanism. At its heart, sat *Homo Oeconomicus*: a self-interested, rational, materialistic being.

In his less-known, earlier work, *The Theory of Moral Sentiments* (1759), Smith, however, provided a far more psychological or sentimental explanation for agent behavior: less about self-interest and more about sympathy, feeling and understanding for others.

It is, perhaps, a deliberate meld of these two worlds: the economic and the behavioral-psychological that is generating the most insightful research in the realm of work motivation today. Per Frey's (1997) model, the modern employee is more aptly cast as a *Homo Oeconomicus Maturus*: motivated far more by intrinsic concerns than neoclassical economics ever gave account for. Indeed, per this fascinating empirical study, the essence of such motivation is fulsomely explained not with material factors but, rather, with intellectually-stimulating endeavor, intrinsic self-drive and a desire for membership of a purposed collective.

Now you have in your possession the most important equation a business leader need ever know – armed with its implications – we wish you every success in bringing it to life.

appendix: some theory

The theoretical journey starts with neoclassical economics. It seeks to explain the behavior of individual employees by drawing on the (relative) price effect. In simple terms, the principal-agent theory says: *ceteris paribus*, a human being will increase their discretionary effort for an employer that pays more (relative to other employers).

In simple terms, the principal-agent theory says: *ceteris paribus*, a human being will increase their discretionary effort for an employer that pays more (relative to other employers).

Modern microeconomic discourse, however, recognizes that there is much more to employee motivation, as viewed through the contracting theory of the firm, than pure material self-interest. Indeed, there is a raft of contemporary research that points to a far richer explanation; typically, such work involves the melding of neoclassical, standard economic models with those of related disciplines such as psychological theory, behavioral contract theory and information economics.

Leaders in the real-world will know that the topic of employee motivation and effort is a deeply-textured and nuanced matter – as befits all human affairs. Richer explanations move beyond the factors of extrinsic motivation (incentives applied from outside) to include also behavior inspired by inner-feelings (or intrinsic motivation). In this regard, there is an ever-growing wealth of evidenced theory to support a multi-dimensional explanation for worker effort. Common themes within this emerging body of work include: the sense of fairness, gift reciprocation (between employer and employee), high trust (cf. calculative low trust), respect, autonomy, purpose, corporate culture and morale⁸. Such theories undoubtedly move us closer to an intuitive experience and understanding of our own self-motivations.

Returning, however, to neoclassical economics, the construct of the firm sits at the center of the (microeconomic) theory of production. One argued reason that firms exist (cf. all transactions taking place in an atomized marketplace) is that there are many costs associated with market transactions. Per Coase's seminal treatise (1937, p. 390):

The main reason why it is profitable to establish a firm would seem to be that there is a cost of using the price mechanism.

For a transaction cost theorist, firms emerge because coordination as a function of firm-based organization is just (simply) cheaper than via multiple, market transactions; further, they claim, such transaction cost analysis determines the 'make or buy' boundary of the firm.

Certainly, the existence of transaction costs underpins the contracting theory of the firm. This theory sees the modern firm as a legal, capital-owning entity that enters contracts with other parties: employees, suppliers, creditors etc. Some economists, for example Jensen and Meckling (1976, p. 311), go as far as to claim the firm as a legal fiction: a construct that merely serves as a nexus of contracts. Transaction cost theorists such as Williamson (1985), conversely, emphasize the qualitative difference of firm-based structures and pure contractual relationships especially so as it pertains to the employer-employee (principal-agent) relationship. As Williamson points out, as the rationality of the agents involved is bounded and the scale of possible contingencies virtually boundless, so employer-employee bonds are best viewed as long-term, incomplete and largely implicit relational contracts. Such ambiguity allows for opportunistic (moral hazard) exploitation by both parties and it is only the authority, culture and/or social norms of the firm that mitigate against this (to avoid expensive third-party contract intervention and enforcement).

The concept of such relational contracts has been modeled using game theory (and repeated games) to simulate the choices and incentives that form as both parties (employer and employee) develop such cooperation. Such games suggest reasons why firms find it worthwhile to build relational contracts founded on mutual trust. It should be noted, however, that such game-based trust is calculative (cf. institutional) reflecting as it does the neoclassic, standard assumption of self-interest.

Such low trust approaches to the employer-employee contract assume that employees are only motivated by income; work is then a disutility - hence all rational employees attempt to minimize their effort for a given wage. Put another way, such approaches infer that workers have a propensity to shirk. In such a paradigm, workers can be 'trusted' to raise their

⁸See Besley and Ghatak (2005), Bewley (2004), Ellingsen and Johannesson (2007), Fehr, Klein and Schmidt (2007), Pfeffer (2007), Pink (2009) and Tyler (1999).

efforts only by incentives that speak to this self-interest (extrinsic reward).

David Kreps (1990) extended the contractual theory of the firm - by drawing on such game theory - to highlight the critical role played by corporate culture when labor contracts are, inherently, so incomplete.

Kreps (Ibid) postulated a rather pat explanation for the firm as 'an intangible asset carrying a reputation that is beneficial for efficient transactions, conferring that reputation upon whoever currently owns the asset.' In this regard, he follows Williamson's view: that transaction cost analysis is one of the core explanatory determinants for the existence of firms.

Krep's aim was to develop a (self-conceded) very draft economic theory for the justification of corporate culture as the reputation-bearing device. Corporate culture, he elaborates, is made up of focal points that arise in part because of their evolutionary fitness; that is, their suitability as behavior guides within a wide range of contingent scenarios faced by principal-agents within a firm. Such focal points could, perhaps, be best viewed as organizational values. Kreps posits that such reputation-bearing cultures have an economic explanatory role in the context of cooperative equilibria in repeated game theory. Simply put, employees place trust in firms as a function of their organizational cultures and, therefore, expectation of future behavior. With such trust, they are prepared to enter a labor contract that is, otherwise, wholly ill-suited to capturing every possible future contingency (due to the high transaction costs inherent in understanding/capturing every such contingency).

A further probe into the issue of worker motivation is agitated by the concept of efficiency wages (that is: the real-world evidence of firms paying higher wages than the market equilibrium). In this regard, much of the literature hinges on the explanatory role of psychological factors and such concepts as reciprocal fairness (between employers and employees) and social behavioral norms (within firms and markets).

Stiglitz (2001) based his treatise on information economics. Conventional neoclassical theory assumes perfect information; such perfection does not exist and it is these information imperfections and asymmetries (for example, workers often know more about their abilities, and effort levels, than the firm does) that, he claims, best explain efficiency wages. Specifically, Stiglitz highlights a suggestion that the psychological factor of morale (linked to a sense of receiving a fair wage) is the most persuasive reason for an efficiency wage.

In a seminal earlier paper, Akerlof (1982) argues that a worker's effort depends upon the norms determining a fair day's work and that, in order to affect these norms, (primary) firms pay more than the market-clearing wage. Akerlof's findings were based on a study of female 'cash posters' in the 1950s who were observed to work in significant excess of the minimum work standards expected without seeking or expecting contingent reward (promotion). The standard neoclassical model could not simultaneously explain the behavior of the firm and the cash posters in this regard.

Akerlof's explanation involved the application of a sociological model as an adjunct to such standard theory. According to this model, workers acquire sentiment for each other and for the firm. As a corollary of this sentiment, there is a reciprocal exchange of 'gifts' between the employee (who works in excess of minimum work standards) and the employer (who pays wages in excess of prevailing market wages and adopts some leniency in relation to work rules). Akerlof argues that this implicit gift-exchange is founded on endogenously-determined norms of behavior - established according to a conception of a fair day's work.

With increasing proximity to our research area, Frey (1997) developed an economic theory of human motivation that is broader and, also in places, at odds with neoclassical economic theory. Frey argued that motivation is a function of both extrinsic motivation (induced from external factors such as pay and performance-contingent reward) and intrinsic motivation. Five basic propositions are advanced in this regard. First, intrinsic motivation is of great importance for all economic activities. Second, in certain identifiable conditions, the use of monetary incentives can 'crowd out' intrinsic motivation. Third, other external interventions such as commands or regulatory 'orders' can drive out intrinsic motivation. Fourth, under some conditions, external intervention may enhance intrinsic motivation and, lastly, changes in intrinsic motivations may spill over to areas not directly affected by monetary incentives or regulations.

The proposition that external factors (such as wage and performance-contingent bonus) can 'crowd out' intrinsic motivation has further evidential support. Titmuss (1970) famously argued that the supply of US blood donors decreased

Frey argued that motivation is a function of both extrinsic motivation (induced from external factors such as pay and performance-contingent reward) and intrinsic motivation.

in the 1960s because (inherently) altruistic donors had their motivations 'crowded out' by a newly introduced payment scheme. Likewise, Gneezy and Rustichini (2000) presented evidence that a small material incentive can induce less effort than no material incentive at all.

Returning to Frey, his claims are explained via an economic and psychological theory that has significant implications with regards to a real-world understanding of employee (work) motivation. He offers a simple schematic to best understand work performance as induced by intrinsic

and extrinsic motivational factors:

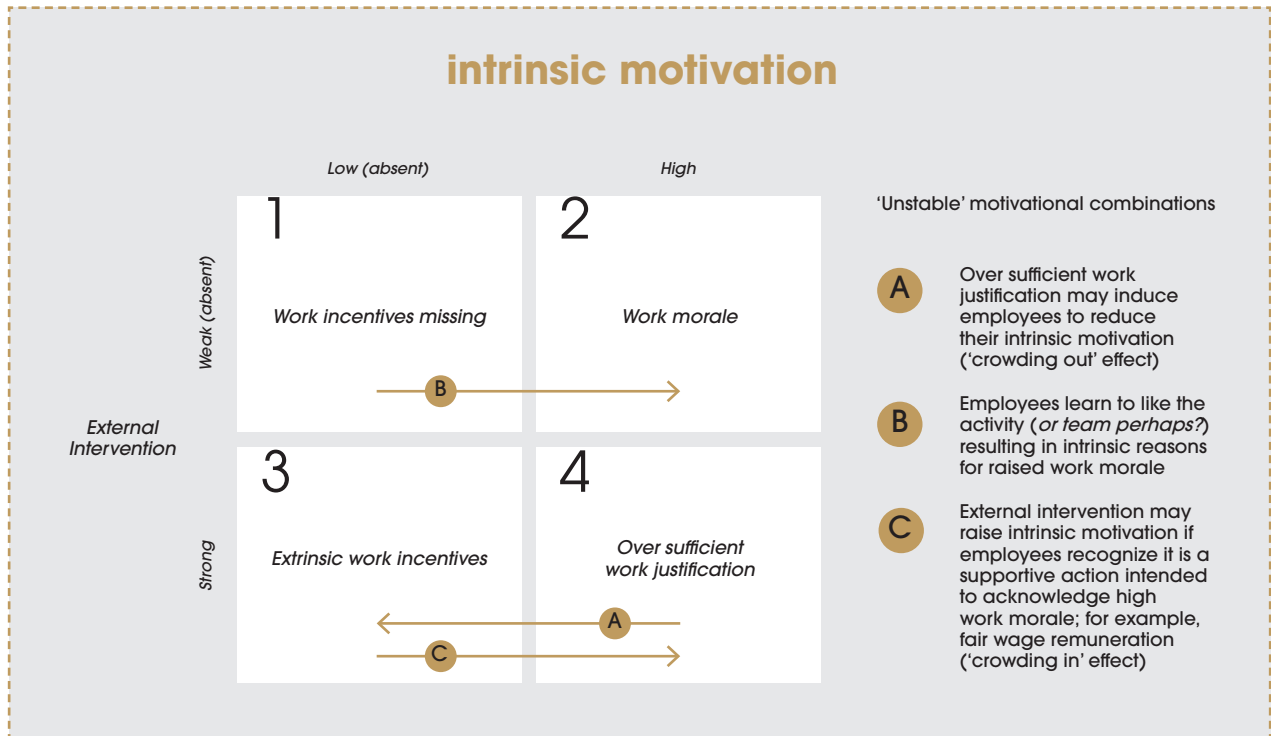


Figure 15: Work performance as a function of intrinsic and extrinsic factors; per Frey (Ibid, pp. 90-92)

Frey's fundamental thesis is that, at a theoretical level, the link between economics and the psychology of work had hitherto been disregarded. Standard principal-agent theory compares only boxes (1) and (2) in his model – disregarding intrinsic work motivation. Frey's theory, conversely, combines extrinsic and intrinsic factors and, further, indicates motivational combinations that are unstable (per marked arrows in the figure above). Our research project effectively picks up from this point to examine the relative contribution of extrinsic and intrinsic factors as they regress to (real world) worker motivation.

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Dom Moorhouse

Dom Moorhouse is a Partner and Board Member at Perpetual. Prior to this role, Dom founded Moorhouse Consulting – a leading UK management consultancy in the field of transformational change and complex program delivery. Dom led this company from singleton startup to a c. 80-strong, \$30m business sale (to BT) in under five years; the company continues to thrive. Prior to this, Dom had an eight-year Officer commission with HM Royal Marines and was a program leadership specialist at Deloitte Consulting.

Dom is now a recognized expert in strategic corporate (talent/capability/culture) development. He has written a number of books on the topic of entrepreneurship and corporate development and now advises a number of high-growth, ambitious boards in the recruitment and development of high-performing senior teams and value-adding, competitive capabilities. In the UK, he runs – twice annually – residential seminars for business leaders: focused on how to optimally move from strategy to delivery – with a systematic discipline and within a highly engaged team culture.

Dom is based in the UK and serves as our senior European Partner; he is also in the US on multiple occasions throughout the year – supporting our facilitation of board-level reviews, senior talent selection/appraisal and strategic team development (building high-performing, people-centric cultures) work.

He has a first-class computing degree, an MBA and program management accreditation (PMP, Prince2, MSP). He is a UK Chartered Director and a Fellow of the Institute of Directors the Institute of Management Consultancy (CMC qualified) and the Association of Project Management (APM). He is currently, also, in the final straits of a second degree with the Open University: Philosophy, Politics and Economics.

Outside of work, Dom shares the demands, with his wife Roz, of parenting three very active, growing children. With what little residual time there is remaining, Dom supports the working group of a mental health organization (The Mountain Way) – seeking to reduce the tragic incidence of broken lives and suicide amongst UK veterans. He also tries desperately hard to hang onto a zest for an active, outdoor life (which has in the past included being a Zambezi white water raft guide, endurance canoeist, climber and expeditioner) but now largely involves CrossFit and paragliding.



Steve Morrissey

Steve Morrissey is committed to helping clients identify agile leaders who can successfully drive the transformation necessary to create more customer-centric organizations. He has placed senior level executives in a broad range of disciplines, including Chief Executive, Chief Operating, and Chief Financial Officers, as well as Senior Marketing, Sales, and Human Resources executives, focusing solely on the Consumer vertical. Steve's clients range from entrepreneurial startups to family owned businesses to publicly traded, Fortune 500 companies.

In addition to providing Executive Search services to his clients, he also supports his clients in the continuous development of high performing team programs and helps his clients to rapidly align and engage their teams around a set of strategic choices that will drive inspirational results and create a legacy outcome for all involved. Steve has more than 18 years of experience in professional recruitment and senior-level executive search and talent management.

Before starting Perpetual, Steve enjoyed a fourteen-year career with a global executive search firm beginning in his native UK and relocated in New York in 2005. Throughout his career he has focused on placing marketing and sales talent to help his clients successfully drive consumer engagement resulting in substantial brand growth.

Prior to the corporate world, Steve was appointed and earned an eight-year commission as a Royal Marines Commando Officer in the UK. Such early experiences helped him forge the necessary entrepreneurial qualities of team-leadership, improvisation, tenacity, an appetite for calculated risk and a sense of humor in adversity.

He lives in Darien, CT and shares the demands, with his wife Charlotte, of parenting two very active, growing teenage boys. Steve also tries desperately hard to hang onto a zest for an active, outdoor life pursuing winter camping, hiking and enjoying time on his boat.



Pierre Trippitelli

Pierre Trippitelli is the Partner and Board member in charge of Perpetual (part of Perpetual), an Executive Talent Advisory firm specialized in executive recruitment and leadership consulting. Pierre's focus spans across the Luxury, Health & Beauty, Food & Beverage and Consumer durables industries. While recruiting senior level executives for US companies expanding their international footprints, Pierre has also significant experience in helping foreign entities building out US businesses.

His international expertise and appreciation of cultural differences helps a wide scope of companies including entrepreneurial ventures, family owned organizations as well as publicly traded, Fortune 500 companies. Closely partnering with his clients, Pierre has successfully recruited diverse executive talents among the C-suite on a global scale. Pierre also operates as an Executive Coach, working with senior leaders, HR and L&D professionals to create sustainable performance and to leverage diversity in the workplace.

Prior to joining Perpetual, Pierre served as a member of the Global Consumer Practice at Korn Ferry. With 16 years of International expertise in HR Consulting, Pierre is poised to contribute to the growth of a more disruptive and creative talent consulting firm.

Pierre is a French citizen born in Reims and received his master's degree in business and marketing from one of the top 10 French business schools, KEDGE. After graduating, Pierre joined the French army and was deployed in the Congo where he built bridges between African and European communities. He then ran various Business Units in Eastern & Western Europe. In 2006 he relocated to the United States with the mandate to develop the North American presence of a major European Executive search firm. More recently, Pierre has been through the Columbia Business School Executive Coaching Program and is NBITM certified.

Pierre now lives in Darien, Connecticut and is married to a lovely American wife. He is the father of two handsome and athletic boys. Pierre is an avid hiker who still believes he can keep up with his teenage boys. On top of climbing in the Alps and Hawaii, he likes skydiving, skiing and competing on as many Golf courses as possible around the world. Pierre is an advisory board member of the French/American Chamber of Commerce in New York and French Founders.

In addition to his native French, Pierre is completely fluent in English and speaks German.



New York

250 Park Avenue,
14th Floor New York City, NY 10177

Connecticut

22 Thorndal Circle,
3rd Floor Darien, CT 06820

Paris

25 rue du 4 Septembre
75002 Paris – France

info@bepetual.com
www.bepetual.com

Perpetual: