

## Turning Employees into Owners

**MARTIN A. STAUBUS**  
Executive Director

**Beyster** | Rady School of Management  
INSTITUTE | UNIVERSITY OF CALIFORNIA SAN DIEGO

**Stephanie Mercado**  
HR & Payroll Manager

  
**CARL WARREN & COMPANY**

**Ginger Galloway**  
Vice President, Talent

 **Entertainment  
Partners**

**Desiree Garcia**  
Global Marcom Manager

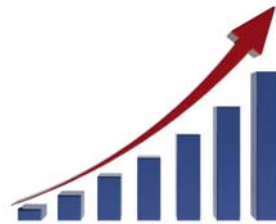
**Kapco Global**  
A  proponent Company

1



## Turning Employees Into Owners

So you want to manage your company effectively and generate successful results.



**What kind of workplace behaviors will be needed from your employee-owners to drive strong results?**

2

**Beyster** | UC San Diego  
INSTITUTE | Rady School of Management

## What Do We Need from Employee Owners?

---

- What are the attitudes and behaviors that we need from employee-owners?
- Let's make a list:



3

Beyster INSTITUTE | UC San Diego Rady School of Management

## The Problem Is ...

---



4

Beyster INSTITUTE | UC San Diego Rady School of Management

## Powerful Insight from Gary Hamel

---

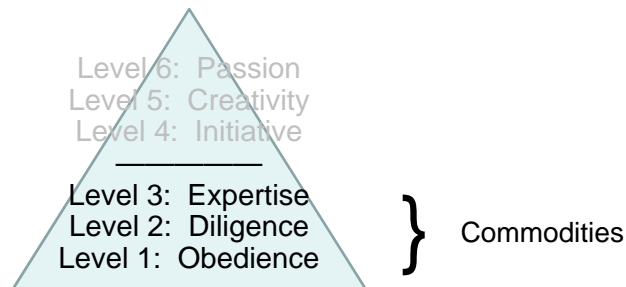


Hierarchy of Workplace Capabilities

5

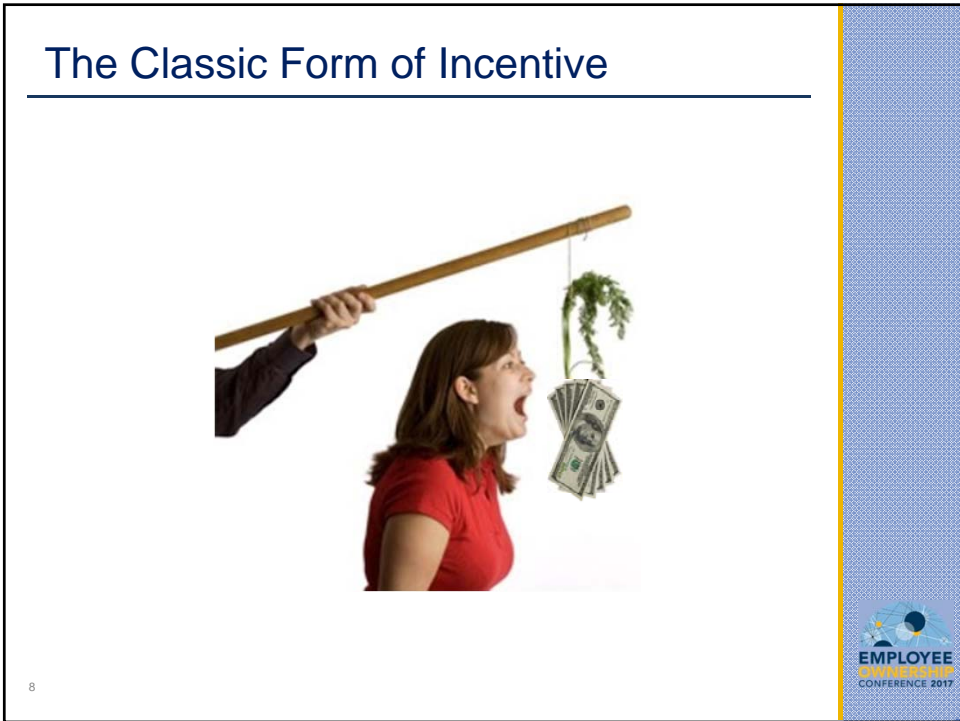
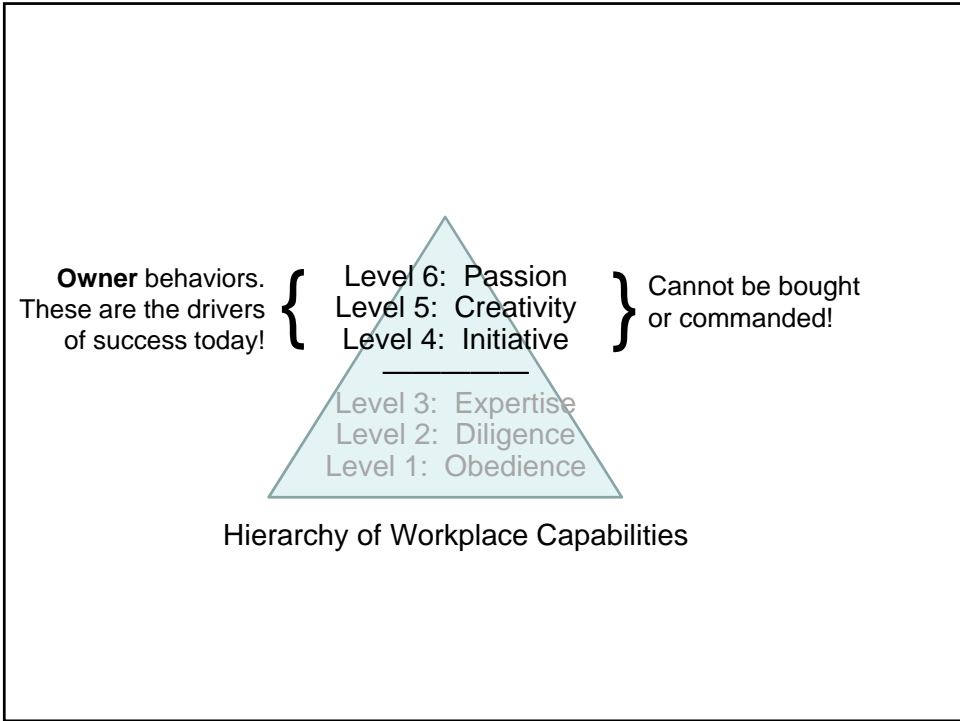
## Powerful Insight from Gary Hamel

---



Hierarchy of Workplace Capabilities

6



## So How's that Workin' for Us?

---



9



## The Research

---

Meta-study by London School of Economics:

- *"We find that financial incentives can result in a **negative** impact on overall performance."*

10



## Well That's a Surprise

---



Offering monetary rewards **decreases** employee performance!

11



## And so, the Problem

---

*The attitudes and behaviors that are most critical to your company's success are precisely the ones that can't be bought.*

**You can't command initiative, creativity or passion!**



12



## So How **Do** We Elicit Those Behaviors?

---

Let's look at five elements

13



## How **Do** We Elicit Those Behaviors?

---

### **Element #1: Meaning and Purpose**

*Inspiration, not Incentive*

What your company does – its reason for existing – has to **matter** to your people.

**“ You gotta wanna.”**

Jack Stack, CEO  
SRC Holdings, Inc.



14



## Start with Why

---



Simon Sinek  
and the “Golden  
Circle”

First Why ...  
Then How ...  
Then What



## Who Cares about Meaning and Purpose?

---

Only two groups really care about purpose in their work:

1. **Those under 40.** “Millennials do not think and act like the workers who preceded them ... These young workers crave work that makes them feel they are contributing to a greater mission or purpose.”  
*Restless Millennials*
2. **Those over 40.** “The meaning of life ... is a perennial issue in midlife and beyond. For people over 40, the search for meaning has a major influence ... So business leaders must ask: how are we going to make this company an instrument of service to society, even as we fulfill our obligation to build shareholder wealth?”  
*Firms of Endearment*





## What Will *Inspire* Employee-Owners?

---

“For great companies, profits are like oxygen and water: necessary for life, but not the ultimate *point* of life.”

Jim Collins  
*Built to Last*

17



## Element # 2

---

### Community

People want to be part of something bigger than themselves.

“**Communities of passion** are now the basic organizational building blocks of high performing ventures.”

Gary Hamel  
*The Future of Management*

18



## Community

---

Think of your company as a community of people who have come together to pursue a shared purpose.

- *“We play for each other.”*



19



## Element #3

---

### **Respect, appreciation, dignity**

- People want to be respected and valued for their contributions. This spurs further contributions.
- Employee-owners are shareholders! Co-owners! Support the dignity and status in that.
- Managers show respect by not micro-managing, allowing more autonomy.

20



## We Value and Respect All of Us

---

Says Jack Stack –

“Our success comes from the **sense of community** that develops **when you treat people as responsible adults**, capable of understanding how the business works and contributing to its success.



## Element #4

---

### Transparency

*Information Sharing*

**Owners** know what's going on in their company.

How does “*knowing what's going on*” foster productivity?

- Provides meaning
- Empowers them to contribute more
- Builds trust among everyone
- Enhances sense of respect and dignity
  - When you keep people in the dark, you're telling them ...

22



## Element #5

---

- Participation in problem solving and continuous improvement

The old, outdated, ineffective model:

- Management makes all decisions; employees carry out the directions they are given.
- The old GM way.

The high involvement model:

- Idea generation and problem-solving is everyone's role. We all contribute to continuous improvement.
- The Toyota way.

23



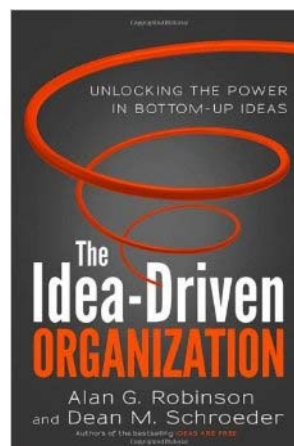
## The Idea-Driven Organization

---

The best resource on this concept:



2014 NCEO Annual Conference  
Keynote Speaker



24



**Beyster** | **Rady School of Management**  
INSTITUTE | UNIVERSITY OF CALIFORNIA SAN DIEGO



**MARTIN A. STAUBUS**  
Executive Director  
The Beyster Institute  
University of California, San Diego  
9500 Gilman Drive | La Jolla, CA 92093-0553  
858.822.6011

25



  
**CARL WARREN & COMPANY**  
Employee-Owned Since 1975

**Stephanie Mercado**  
HR & Payroll Manager  
Employee-Owner Since 2007  
Tel: 657-622-4322  
smercado@carlwarren.com

**WE DON'T JUST WORK HERE; WE OWN THE PLACE!**



**Kapco Global**  
A  **proponent** Company

**Desiree Garcia**  
Global Marcom Manager  
Employee Owner since 2007  
714-223-5400  
dgarcia@kapco-global.com

 **proponent** | Kapco Global | Avio-Diepen

*We Are Proponent. Let Us Be Yours. | 27*