

Money = Imagination + Passion!?



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Moonshots

- Amplify imagination.
- Enable communities of passion.
- Take the work out of work.

Introduction

Money, as defined by Mishkin, is:

“Any object or record that is generally accepted as payment for goods and services and repayment of debts in a given country or socio-economic context (2007)”.

Most companies use money as the primary stimulus to attract talented individuals to engage in employment relations. On top of base-salaries, companies use various monetary schemes such as bonuses and commission-based salary to motivate them to achieve organisational performance targets.

From an employees' perspective, majority of them engage in employment relations for the sole purpose of earning money for survival to pay for food and various bills. For the talented professionals whose specialised skills are in high demand, their motivation to work may extend, but not limited to, having autonomy, flexible hours, location...etc... (AbsolueIT, 2010; Robert Half Technology, 2010). Ultimately though, unless they are financially secure, they are still forced to work for a living regardless of interests, with the exceptional few that may actually enjoy fulfilling their work responsibilities within their working environment.

The key question is whether a monetary based reward system is the best way to spark imagination, encourage innovation and inspire employees to get the most out of them, thus achieving the best results for their company? My answer is NO! This essay proposes the idea of an Environment Based Reward System (EBRS) which frees employees' mind, amplifies their imagination, enables communities of passion as well as taking the work out of work, thus leading to the greatest possible outcome for the company.



Problem

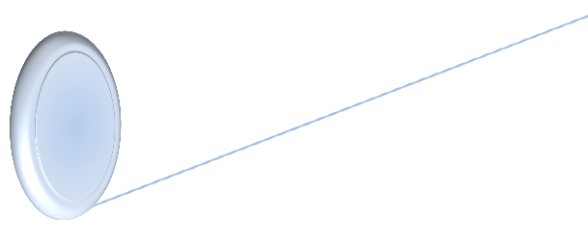
In this day and age, despite the values stated on companies' mission statements, there is no doubt that the ultimate objective for companies is to maximise profits. After all, companies need money to survive in this ever increasingly competitive global economy to fulfil their committed values to stakeholders. Unfortunately, the interpretation of profit maximisation has led organisations to focus on cost minimisation, product quality compromising outsourcing agreements, tight budgetary controls, extreme micromanagement on operational performance, unprecedented focus on productivity and the list goes on... Companies have now programmed their employees to think and operate within cost boundaries. The latest products and solutions being developed are now designed to primarily be profitable, cost effective and operate within budgets rather than quality/safety focused or resolving society problems which truly satisfies customers' and stakeholders' needs.

To demonstrate this idea, a societal problem that exists globally is automobile fatalities. In Appendix 1, it shows there were 37,261 recorded car fatalities with 37% of which being alcohol related, in the United States in 2008 (Alcohol Alert, 2010).

Everyday, police officers use breathalyser instruments to detect whether intoxicated drivers are over the legal limit and prosecute drivers accordingly. Car manufacturers, rather than leveraging on these technologies to prevent drink-driving fatalities, choose to focus on designing their vehicles with additional features such as parking sensors and auto-sensing light switches, to be more appealing to its customers with a view to increase sales and be more profitable.

Is it that technically difficult and cost inefficient for car manufacturers to amend its assembly process to install a breathalyser ignition interlock device (Alcohol Detection Systems, 2011; Patrascu, 2011) into a car that detects the driver's alcohol level and disables the car ignition if the alcohol level is over the legal limit? Is it so difficult for car manufacturers to work with governments to pass laws to proceed with such an idea/technology to prevent alcohol related automobile fatalities? The implementation of this would certainly reduce the amount of government spending in advertising to discourage citizens from drink-driving, allowing government funds to be spent in other necessary areas. My view, similar to Lessig (2008) relating to copyrights, is that the idea of profitability is so deeply ingrained in companies' and their employees' mind, it has hindered imagination and creative spark from being unleashed.

Let's discuss the effects of extreme focus on cost, operational and productivity efficiencies. Toyota, one of the world's leading automobile brands famous for their quality, and its Prius, one of the world's bestselling hybrid vehicles which is renowned for its environmentally friendly attribute, had gone



through worldwide recalls and fell victim to quality concerns relating to its braking and water pump systems (MIBZ, 2010; Tabuchi & Bradsher, 2010). After carrying out safety audits to identify root cause, audit findings indicated that there were misunderstandings between Toyota and its suppliers regarding the testing of products. Audit also identified a problem that originated from the design development stage which closer examinations of components should have been able to prevent quality defects (Kitamura, Ohnsman & Hagiwara, 2010). Alleged reports of guest workers from China and Vietnam being exploited, working abnormal hours and poor treatment in the working environment (Abowd, 2008), could also have contributed to Toyota's quality crisis.

Notwithstanding the phenomenal technological advances from companies that had occurred over the years, given that the latest products merely contain additional features and refinements of existing products, my conclusion is that companies and its employees have become so profit/cost oriented that they no longer challenge assumptions, thus lost their creative spark and have succumbed to the "realities" of business.

Solution

Imagination is critical in the evolution of human beings (Szulanski & Amin, 2001) and it is the key to inventive new ideas that makes businesses profitable. However, the knowledge of the processes and underlying mechanisms which magnifies imagination is very limited (Andriopoulos & Gotsi, 2005).

To amplify imagination and innovation, my proposal is to establish an Environment Based Reward System (EBRS). Within this "environment", the employee's individual goal must align with the company or department's objective and the employee would be working in their area of passion within the company. Employees under the EBRS scheme are not paid in monetary terms, but in return, they are rewarded with an environment where all the employees' monetary concerns are satisfied by the company, within reason, for the lifetime of the employees.

Additionally, within this "environment", rather than using performance measurements (such as productivity, average issue resolution time...etc...) that rarely accurately reflect the true amount of employee contribution to the goal of the company, progression measurements are used instead.

Finally, within this "environment", employees merely perform different functions within the company and hierarchy does not exist in this "environment. The traditional managers within this "environment" are viewed as performing a different function within the company and are contributing to the company's goal equally in comparison to other employees.

Environment Based Reward System vs. Monetary Based Reward System

Google's working environment offers high quality free food as well as many other unconventional benefits to its employees (Cosser, 2008) and Capcom provides sleeping areas, showers, laundry machines...etc... to its employees (G4TV Staff, 2009). Having such a working environment allows the employees to focus on their work without worrying about a human being's basic needs.

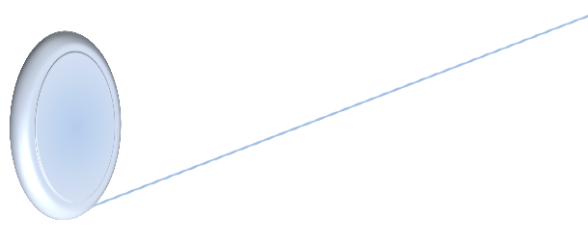
Much like Google and Capcom, the objective of EBRS is to provide its employees with an environment that allows them to focus on performing work duties that are in their areas of interest or passion. Expanding on this idea, the EBRS satisfies all monetary concerns of its employees such as accommodation, bills, food, health, family expenses...etc., within rational reason. This will amplify their imagination as their minds are no longer confined by the constraints imposed from the monetary system. It will allow them to think of ways to work, research and develop products that are beyond imaginable profitability (De Beer, 2008). Aligning the EBRS with Maslow's Needs Hierarchy Theory and ERG theory, when the employees' basic needs are satisfied, they will have the desire and motivation to learn, grow and expand to assist others (McShane & Travaglione, 2007).

Most importantly, the goal of each and every employee under the EBRS scheme must align with that of the department, project team and or the company. For example, there is a group of medical research personnel that have lost loved ones to cancer and have the goal of finding a cure for cancer within their lifetime. A medical research company that shares the same common objective of finding a cure for cancer should recruit and reward them with EBRS. As both the company and the employees under EBRS share a common objective, the employees is no longer working for work, but working for their passion and enable communities of passion.

Progression Measurement vs. Performance Measurement

Performance measurement undoubtedly is a useful management tool for understanding how individuals, teams, departments and the company as a whole are performing. Benefits include ensuring decisions are based on facts, strengthening decision-making at all levels, increasing ability to meet accountability requirements, improve communication of outcomes to key audiences, identify areas of improvement, show if improvements have actually occurred as well as holding individuals accountable for their actions (ICF International, 2008; Oak Ridge Associated Universities, 2005_A). It also provides a platform for improving performance through performance feedback as well as creating a link between individual employee's behaviour and the organisation's goals (Inman, Unknown).

Although performance measurement has its benefits, it also suffers from critical drawbacks if not implemented correctly. Issues include parameters being too difficult to measure, thus incorrectly



reflecting on performance. Other issues include parameters being measured are only one component of the overall desired outcome, when the performance being measured is process oriented (OMB, 2003) and the association between performance and reward/punishment (The age old saying of “Tell me how I am measured and I will tell you how I perform”).

To dissociate any negatives relating to performance measurements, the term progression measurement is used instead under the EBRs scheme. Progression measurement is used to track the progression the company and its employees have made towards its common objective.

Under the EBRs scheme, individual performances will not be measured. As the employees already have the same common objective as the overall department/company and all their monetary needs are already being satisfied, it means providing that the overall/department unit is progressing towards its goal, individual performance measurements are unnecessary. With regards to identifying training requirements via individual performance measurements, generally speaking, the manager should have a good sense of whether their subordinates require additional training for them to help achieve team/organisational goals regardless of whether a performance measurement system exists.

Google’s 80/20 Innovation Model, where Google employees spend 80% of their time on actual work, and roughly 20% paid and non-performance measured time on “innovation” activities that are of the employee’s personal interest and passion, Google has been able to come up with innovative new ideas that contribute to the company’s bottom line (The Mama Bee, 2009; Mediratta, 2007). Similar to, but an extension of Google’s 80/20 Innovation Model, EBRs provides its employees with the complete freedom and autonomy to formulate innovative ideas.

Individual/Team Autonomy vs. Organisational Hierarchy

The role of management and employees are redefined under EBRs. Under the EBRs scheme, as individual performances are not measured and monetary rewards do not exist, there is no need for organisational hierarchy. Each employee will be performing work functions that are of their interest, passion and most importantly, their area of expertise (e.g. Accounting, Finance, IT, Marketing, Management, R&D...etc...). Employees are merely performing different functions in different departments, which contribute towards equally to the common objective of them and the company.

Monetary rewards causes distrust amongst individuals and teams/departments rather than motivation as each fight for their own best interest. Hence, a flat organisation structure, common goal, no self-interest and monetary conflicts will eliminate issues such as Agency theory, where employees have different objectives than their employers and Transaction theory, where people will make false or empty threats or promises to get better deals (Pfeffer, 2000).



First Steps

The first steps and probably the only steps, given how deeply the monetary system has conditioned humans to confine their thinking, is to apply EBRS where innovation is required the most, Research & Development (R&D).

First, the company is to set a well-defined and profitable beyond imagination R&D objective, advertise this objective publicly to attract talented individuals whom share the same goal to be part of a R&D project team under EBRS scheme. Within this team, there will be three equally important major roles to be filled:

- **Researcher:** Responsible for performing R&D.
- **Motivator:** Performing contemporary management duties of enabling and motivating project team members to keep them on track and monitoring progression.
- **Mechanic:** Responsible for the repairs of equipment and performing all the “nuts and bolts” coordination work for the project team.

To achieve maximum results, it is important to note that the project team will not be measured on irrelevant performance measurement parameters, such as the number of patents obtained, which are not relevant to the objective (Oak Ridge Associated Universities, 2005_B), but only measured on the progression of the project.

The company or management must also resist from the temptations of performance measurement, demanding short to mid-term return on investments and trust that the project team will eventually deliver a profitable product that is beyond measurable terms. The project team, in turn, must trust that the company will continue to reward the employees under the EBRS scheme and not hinder project progression for fear that the relationship between team and the company will be terminated at the end of the project.

Project team must also continuously communicate progress with the company to satisfy management and not allow the company to take over the management of the self-managing project team.

Practical Impact

Under the EBRS scheme, employees will truly be able to create innovative new ideas that are not hindered by monetary/budgetary concerns, restricted by company politics and freely work towards a common goal with a team of individuals that share the same passion.

Both, the company and its employees under the EBRS scheme, provided that they both have the same level of trust in each other, will have a lifelong relationship and the employees will never want to work for another company again.

Challenges

- **Funding:**
 - 1.) If satisfying all the monetary concerns of the employees under the EBRS scheme locally is considered too large, the R&D project team can be located in China or India where there are countless talents and cost of living is extremely lower.
 - 2.) Raising funds for a truly innovative product might be difficult but not impossible. The project and product must be relatable to its investors to attract investors (e.g. cure for cancer).
- **Trust:**
 - 1.) Does the company trust in the project team's ability to deliver?
 - 2.) Do the employees trust in the company to truly take care of all monetary concerns and stay committed to the cause of the project?
- **Commitment to project and Return on investment:**
 - 1.) Company no longer committed to project as they are not getting return on investment within expected period or succumbs to external pressures to change its original strategy.
- **Performance Measurements:**
 - 1.) The fear of not knowing how individuals are performing for fear of "freeloaders" in the project team.

The above challenges are legitimate, but can be overcome by effective communication, establishing a trust between the company and its employees, truly commit to the project and not derail from achieving the common objective.

Conclusion

Imagination and innovation are the keys to the future of human beings and business corporations. The monetary system, excessive performance and financial measurements have clouded people's minds, restricting their thoughts to status quo and hindered major product breakthroughs.

Under EBRS, where a person's every basic needs are satisfied, money is not an issue and organisational hierarchy does not exist, the person's mind will be freed from all the restraints imposed by the monetary and political systems, allowing the creation of truly profitable innovative products and solutions to societal problems. The company or project team utilising the EBRS will enable communities of passion where they share a common objective, allowing them to freely work on their areas of interest, thus taking the work out of work.

To end this essay with a quote, Steve Jobs once said:

“Innovation has nothing to do with how many R&D dollars you have... It's not about money. It's about the people you have, how you're led and how much you get it (Kirkpatrick, 1998).”

Appendix 1 – Alcohol related deaths in the US since 1982:

Year	Total fatalities	Alcohol-related fatalities	
	Number	Number	Percent
1982	43,945	26,173	60
1983	42,589	24,635	58
1984	44,257	24,762	56
1985	43,825	23,167	53
1986	46,087	25,017	54
1987	46,390	24,094	52
1988	47,087	23,833	51
1989	45,582	22,424	49
1990	44,599	22,587	51
1991	41,508	20,159	49
1992	39,250	18,290	47
1993	40,150	17,908	45
1994	40,716	17,308	43
1995	41,817	17,732	42
1996	42,065	17,749	42
1997	42,013	16,711	40
1998	41,501	16,673	40
1999	41,717	16,572	40
<u>2000</u>	41,945	17,380	41
<u>2001</u>	42,196	17,400	41
<u>2002</u>	43,005	17,524	41
<u>2003</u>	42,643	17,013	40
<u>2004</u>	42,518	16,919	39
<u>2005</u>	43,443	16,885	39
<u>2006</u>	42,532	15,829	37
<u>2007</u>	41,059	15,387	37
2008	37,261	13,846	37

(Alcohol Alert, 2010)

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