

**Harvard  
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# Financial Targets Don't Motivate Employees

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**Summary.** It's natural for leaders to emphasize the importance of hitting financial targets, but making numbers the centerpiece of your leadership narrative is a costly mistake. Financial results are an outcome, they're not a root driver for employee performance, and a... [more](#)

Would you be excited if your boss started a meeting saying: *“I want to remind you that you’re a cog in a machine whose primary purpose is to hit our financial targets”*?

It’s hard to imagine that you would feel much joy or pride of ownership in your work if your contribution was reduced to your financial output. While this specific wording may be a bit exaggerated, it’s not a far departure from the message that many employees hear on a daily basis.

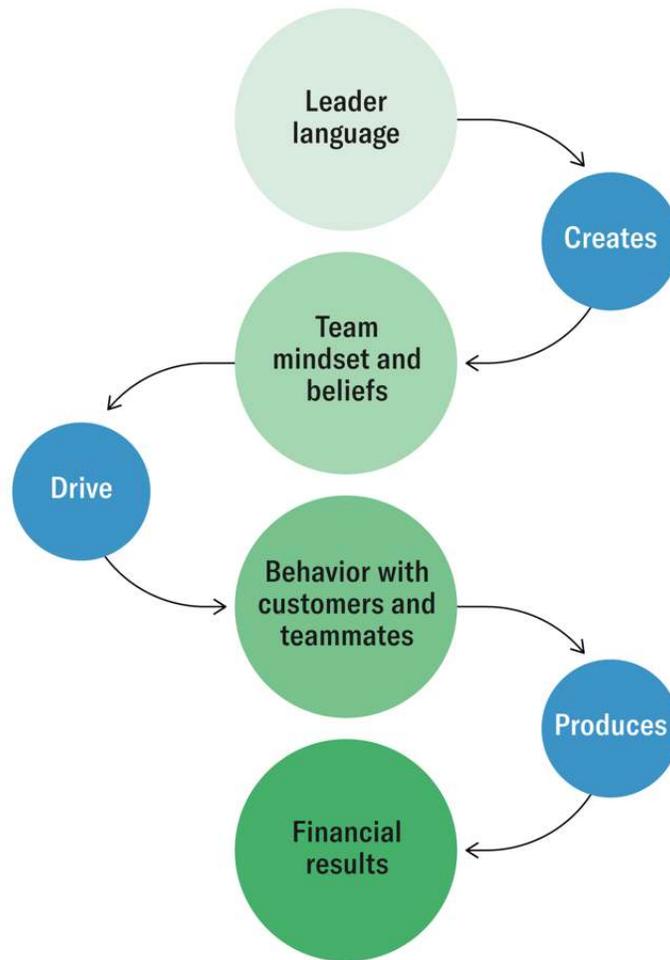
As we move into what (we hope) will be a growth period, it’s natural for leaders to emphasize the importance of hitting financial targets. Financial performance is crucial, of course. But making numbers the centerpiece of your leadership narrative is a costly mistake.

Financial results are an outcome, not a root driver for employee performance. A growing body of evidence tells us that overemphasizing financial targets erodes morale and undermines long-term strategy. When a leader spends the majority of their airtime on a “make the numbers” narrative, it creates a transactional relationship with their employees, making them more likely to create transactional relationships with their teammates and customers.

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## How Qualitative Language Drives Quantitative Results

Leaders who spend most of their time discussing financial targets are more likely to create transactional organizations. To jump-start emotional engagement among your employees, keep your focus on building belief in the larger purpose of the work.



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The events of 2020 remind us: Employee engagement is the lifeblood of an organization. What your team thinks, feels, and believes about your organization, and their own work, drives their behavior — and their behavior is what determines your success or failure.

Leaders seeking to ignite creativity and drive exponential effort must go upstream, using their time with their teams to build belief in the organizational purpose, the intrinsic value of the employees' work, and the impact the teams have on customers, and each other. Here are three ways to do that:

## **1. Evaluate your leadership “airtime.”**

When Mike Gianoni took over as the CEO of SaaS firm Blackbaud, he flipped the way they conduct town halls. Previous leaders spent the majority of their airtime sharing financial results. Gianoni took a different approach. He began using his time to discuss the impact Blackbaud was having on customers, and he directed his leaders to do the same. “Shifting our airtime from internal metrics to customer outcomes jump-started the next level of customer empathy and value,” explains Blackbaud President and GM Patrick Hodges. “Over time, your attrition goes down. When people feel good about what they do and they’re more successful, they’re not going to look for another job.”

We recommend leaders aim for a 50/50 split, spending at least half their leadership airtime building belief in the meaning and external impact of the work, and half on internal metrics and deliverables. It’s not without coincidence that six months after Blackbaud adjusted their leadership airtime, they had an innovation breakthrough, employee engagement rose dramatically, market share increased, and revenue grew exponentially.

## **2. Discuss individual customers with emotion and specificity.**

The more clearly an employee understands their direct impact, the more likely they are to go the extra mile; they also experience greater fulfillment in doing so.

Consider this research from organizational psychologist Adam Grant, who studied paid employees at a public university call center who were hired to solicit donations to the school from alumni. He divided the team into two groups. One group went about their day as usual, phoning potential donors. The other group, before jumping on the phones, had a short conversation with a scholarship student, someone who was able to get an education because of donations that the call center produced. After a month, callers who had spoken with the scholarship recipient spent more than two times as many minutes on the phone, and brought in vastly more money: a weekly average of \$503.22, up from \$185.94.

The same findings have been echoed in studies of lifeguards, hospital workers, and sales teams. When we know our work matters to an individual person, we rise to the occasion. Discussing customers in the aggregate does not create the same emotional pull. Instead, when you speak about customers, even if your team does not interact with them directly, use their real names, talk about the businesses they have, and show your team that real people are counting on them.

### **3. Resist the pull of the “FYI.”**

In our consulting practice we routinely observe well-intended leaders who in an effort “to keep their team informed” pass along *everything* that pertains to financial performance. It’s natural, because the gravitational pull of most organizations leans towards the numbers; it’s what gets reported and thus it’s routinely forwarded down.

But when a leader send their team decks filled with financial targets employees are often left to their own devices to figure out how to translate broader financial goals into their daily behavior. It’s confusing at best, dispiriting at worst.

Emotional intelligence expert Daniel Goleman says, “A primary task of leadership is to direct attention. To do so, leaders must learn to focus their own attention.” Instead of routinely hitting forward on every financial report, think about where you want to direct the attention of your team.

You can decide what to share and what not to share by asking yourself questions like: What does my team need to be thinking about on a daily basis to accomplish these goals? How do I want them to behave with customers and each other? Filter out the noise coming from other places in the organization and focus your language on the two things that are 100% within the control of your team: their mindset and their behavior.

The research is telling us what we already knew in our hearts to be true: You cannot spreadsheet your way to passion. With ambitious goals on the horizon, it’s tempting to double-down on financial metrics. But hitting financial targets requires employees who are excited and care about their work.

As we face a future of potential uncertainty and unrest, it’s crucial for leaders to help their teams stay engaged. You can improve your team’s performance (and their emotional well-being) by making sure your airtime, your metrics, and your language communicate one simple message: Your work matters.

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