

## QUICK TIPS – *The Carrot Principle*

What is it that makes a great organization great? Our Quick Tips and Articles are intended to provide you with some insights and ideas. In this Quick Tip, we reference a book that resonates with much of our thinking on leadership and high-performance organizations.

The Carrot Principle, by Adrian Gostick and Chester Elton, delivers a fresh and straightforward model for understanding high-performance organizations. They identify *The Basic Four Areas of Leadership*, as being:

- ◆ Goal Setting
- ◆ Communication
- ◆ Trust
- ◆ Accountability

They then link this to a HealthStream Research study that was conducted with 26,000 employees at all levels in thirty-one organizations of varying sizes and profitability.

This study reveals dramatic empirical evidence, showing a profound correlation between organizations that provide *Recognition* and a three-fold increase in *Return on Equity*, a three-fold increase in *Return on Assets*, and a six-fold increase in *Operating Margins*.

Thus, they define the *business accelerator*, as:

- ◆ Recognition

The Carrot Principle debunks popular corporate myths about motivational posters and superficial slogans, as being simplistic, lazy and ineffective. The authors describe what managers need to do to provide recognition and how to do it. (Leave your office, reduce your time in meetings, get to know your people and what they're doing, talk with them, and recognize their accomplishments.)

This book convincingly argues that successful organizations are those which have developed a *Culture of Recognition*, wherein the *business accelerator* is fully embedded in the organization's DNA. It is a challenge and opportunity worthy of a leader's pursuit and The Carrot Principle makes a persuasive presentation.

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