

Best Practices White Paper



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The Exact Expertise to
Ignite and Sustain Performance™

Leading for Employee Engagement

Ten Actions You Can Take
To Mobilize Your Workforce around Your Business Strategy

This research summary addresses one of the most pressing issues facing companies today—how to ensure employees are fully engaged in the organization’s critical business priorities.

After reviewing this document, you will obtain insight into:

- The nature of the challenge of engagement
- A unique model for getting your workforce engaged in your business strategy
- Ten actions you can take to increase engagement in your own organization

The document describes:

1. **The Next Generation of Employee Motivation**
2. **Managing the Bottom Line through Engagement**
3. **Engaged in What?**
4. **Critical Drivers of Engagement**
5. **Managing Accountability and Execution**
6. **Facilitating Change-Readiness**
7. **Engaging Sense of Purpose**
8. **What is Strategic Engagement?**
9. **Case Studies**
10. **Summary**

Plus, ten actions you can take starting tomorrow.

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1. The Next Generation of Employee Motivation

Employee motivation has always been on the mind of business leaders. Corporations and universities have continued to teach leaders the theories of motivational experts like BF Skinner, Herzberg, Maslow and Bandura, who all sought to answer the question, “What motivates people to take certain actions?” Ever since the inception of the industrial age, managers have been asking the same question, “What can I do to motivate my employees?”

Managers have been taught conventional wisdom about motivation as part of almost every management training program since the 1970’s. But today’s world is very different because of:

- Globalization and diversity
- Increasing number of Gen Y employees
- Continued outsourcing to former third world countries
- Unrelenting investor pressure for continuous revenue and profit performance and growth
- No let-up on mergers and acquisitions

The consequences on the workforce of these large scale issues are:

- Increased pressure and stressⁱ
- Less friendly work environments
- Greater demand for increased productivity and longer work hours
- Skepticism about repeated strategy shifts intended to meet financial and growth expectations

Repeated studies have validated that a significant number of employees world-wide are less than fully engaged in their work and that it has a deleterious impact on company performance.

The Corporate Leadership Council calculates that only 11% of the world’s professional workforce is fully engaged, leaving 89% up for grabs or fully disengaged.ⁱⁱ

Gallup’s research indicates that 60% of employees are unengaged and a full 17% of US workers are “actively disengaged,” which leads to lower productivity that costs the US \$300 billion a year.ⁱⁱⁱ Furthermore, actively disengaged workers are 10 times more likely to say they will leave their organizations within a year (48%) than engaged staff (4%).

ISR, an international employee research company, has conducted research that shows that 54% of the workforce is complacent, less committed, or fully disengaged.^{iv}

Accenture conducted a global study^v of the priorities of C-Suite executives, and engagement ranks third among the factors executives considered critical to performance. The top three organizational capabilities executives view as most important to competing in the marketplace are:

- 1. Developing effective leadership capabilities (65%)**
- 2. Creating an organization that adapts to change (49%)**
- 3. Engaging and aligning multiple stakeholders (43%)**

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2. Shaping the Bottom Line

Employee engagement is not just an HR issue. A withdrawal of commitment and engagement impacts employee performance, which in turn has a domino effect on financial performance. There are repeated examples of the impact on earnings and revenue of engagement. For example:

Companies with higher levels of employee engagement have 71% more revenue than their industry peers.^{vi}

Increasing engagement can add 2-3% to both operating margin and net profit, while lower levels of engagement will erode operating margin and net profit by 1-2%.^{vii}

These conclusions are not only striking, they are prescriptive. They tell us that if an organization takes action to improve employee engagement, they will most likely improve financial performance. In fact, one body of research^{viii} even deciphered what we call the 10:6:2 Rule:

**Every 10% Increase in Commitment
Yields 6% Increase in Extra Employee Effort
Yields 2% Increase in Company Financial Performance**

Increasing empl

Employee engagement is a bottom line company performance issue.

3. Engaged in What?

Our position is that it's not enough to get employees engaged. When we work with executives who tell us they want their employees to be more engaged, we respond by asking, "Engaged in WHAT?" For example:

Scenario 1

The Situation:

An engineer is highly engaged in the current project he is working on. He puts in long hours and lots of discretionary effort and really enjoys the work. Sounds good, right?

The Problem:

The project he is working on is his pet project which has little to no strategic value to the company.

Scenario 2

The Situation:

A sales representative has good relationships with his customers and is passionate about his products. What could be better?

The Problem:

The products he is passionate about are the old products and he is hesitant to sell the new products that take the firm in a more strategic direction. The customers with whom he has relationships are long-term "friends" but he is hesitant to be proactive about establishing new relationships with customers in more strategic segments.

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These examples make it clear that being engaged alone is simply not sufficient. The type of engagement depicted in these scenarios is what we call “aimless engagement.” Employees are engaged, but their focus has little to do with the strategic imperatives of the business.

Organizations instead need to manufacture what we call “aligned engagement.” Aligned engagement ensures that the workforce is engaged in the strategic priorities of the organization. An organization’s strategic priorities include its:

- New business objectives and revised work processes
- Strategic change initiatives
- Competitive strategy
- Customer segmentation approaches
- New sales strategies
- New products and/or pricing
- Increasing innovation
- Enterprise system implementations
- Reorganizations and acquisitions
- Providing unparalleled levels of customer service

When an organization focuses on aligned engagement, initiatives are fueled by the power of a mobilized workforce that is engaged in the realization of critical strategic drivers.

For us, getting employees engaged means aligning your workforce around your critical business objectives.

Ten Actions You Can Take to Build Employee Engagement – Action #1

#1 –Don’t Focus on “Aimless Engagement” Efforts: Ensure that whatever training, communication, and organizational initiatives you undertake are not generic, off-the-shelf engagement solutions. Instead, focus on building an engagement plan around your own most critical strategic imperatives.

4. Drivers of Engagement

Those organizations that have researched the engagement challenge have surfaced a comprehensive list of factors that impact engagement. They identified anywhere from 15 to 300 drivers of engagement.

These factors pointed to:

- Organizational Culture Issues
- Senior Leadership Actions
- Middle Manager Actions
- First Line Supervisor Actions
- Actions Individual Contributors Themselves Can Take

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We conducted a factor analysis of these drivers of engagement in order to:

- Identify the commonalities across models
- Surface the higher priority drivers using the Pareto 80/20 Principle – isolating those “vital few” drivers that make the most difference
- Put these factors into a coherent model that managers, organization, and individuals can use to build engagement

The result is that we identified three Roots of Employee Engagement:



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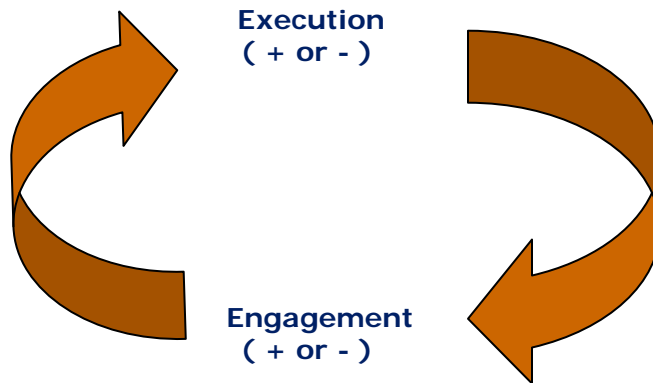
5. Manage Accountability and Execution

The first root is **Accountability**. Accountability might seem an improbable candidate for building engagement but, in fact, it is exactly what the doctor ordered to increase engagement. This is because:

Accountability → Ownership → Engagement

So the question leaders should ask as they seek to enhance engagement is NOT how do we get our people more engaged but, rather, how do we build ownership and accountability. When you think about aligned engagement, this means building ownership for the successful fulfillment of your strategic priorities.

Accountability, when extended over a longer period of time, translates into **execution**. Execution is intimately linked to engagement as the graphic below depicts.



The greater the engagement, the better the execution; the lower the level of engagement, the poorer the execution. But interestingly enough, the opposite is also true. Why? Because everyone wants to experience success and be part of a winning team. And when execution succeeds, the team experiences success and therefore becomes even more engaged. However, execution is a double-edged sword because when companies execute poorly and fail to achieve results, employees become disengaged. And there is ample evidence that most organizations are deficient at execution. For example:

More than 64% of C-Level executives from 250 midsized to large U.S. and European companies report that being able to execute is critical for their success but nearly impossible to achieve. ^{ix}

Only 27% of organizations fully integrate their strategy and tactics, and 58% integrate at the higher levels, but not at the lower levels. ^x

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Ten Actions You Can Take to Build Employee Engagement – Actions #2-4

☑ **#2 – Manage Accountability:** Ensure your leaders hold people accountable for the success of your business initiatives and change efforts. Ensure that employees who don't take accountability are held accountable, coached, and given the support they need to be successful. Don't allow managers to turn their heads when people fail to act with accountability.

☑ **#3 – Focus on “Ownership”:** Ensure you have a culture in which employees are encouraged to take ownership for achieving your overall company goals. Don't allow employees, teams, and managers to be harshly criticized and black-listed when they make honest mistakes. This leads to the avoidance of ownership, cover ups, finger pointing, and disengagement.

☑ **#4 - Become Obsessed with Execution:** Build a culture that pays as much attention to follow-through as it does to developing solutions and clever ideas. Develop execution plans for all key initiatives, including, but going beyond, project planning and, instead, focusing on engagement.

6. Facilitating Change-Readiness

New research on change indicates a surprising reality about change. The greatest determinant of change is not an employee's desire or motivation to change. It is their **READINESS** to change. The second Root of Engagement therefore is Change-Readiness.

Change is a constant. Furthermore, change that can be unsettling is more the norm than the exception. If employees are not ready to change, then when change does occur, they become disgruntled and disengaged. Alternatively, employees who are ready to change are more likely to be able to sustain higher levels of engagement. In other words:

Change-readiness is a prerequisite for sustaining engagement

Change-readiness goes deeper than change management. Change management focuses on organizational processes and gaining buy-in; whereas change-readiness focuses on the readiness to **change behaviors and beliefs** in order to support new initiatives. The research on change supports the challenges most organizations face when trying to implement change. For example, research on change^{XI} indicates that:

- 90% of business process redesign initiatives fall short of producing intended results
- 80% of quality improvement initiatives don't yield intended gains
- 55-90% of technology initiatives fail to achieve their full objectives

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We uncovered little known research into change-readiness. We translated this research into a business-friendly tool—the Change-Ready™ model. This breakthrough model clearly elucidates several remarkable points about change-readiness:

1. Organizations often focus on “one size fits all” solutions when seeking to implement change. They fail to realize that different employee groups may be at different levels of readiness to adopt new approaches and they consequently fail to implement meaningful solutions that really work.
2. Employees and managers progress through five distinct measurable levels of readiness to change.
3. Certain level-specific and unique strategies can help teams progress through the levels of readiness more quickly. However, those same strategies, if used at the wrong time and not synchronized to the right level of readiness, will have no effect or even create more resistance.

The ability to help the workforce change rapidly to respond to internal and external business problems and opportunities equates with strategic agility. The greater an organization’s strategic agility, the more likely they will be:

- The first to market with new products and services
- The first to divest products/businesses that don’t grow the company
- Quicker to build competitive barriers
- Faster to satisfy client needs and therefore create market dominance

Ten Actions You Can Take to Build Employee Engagement – Actions #5-7

#5 –Manage Change with Engagement Sensitivity: When seeking to implement new changes in your organization, recognize that the way the change is handled will go a long way towards building or eroding employee engagement. Don’t ask, “How should we manage this change?” Instead, ask, “How can we get our employees engaged in this change?”

#6 – Focus on Behavior: When you want employees engaged in a business initiative, give careful consideration to the behavioral outcomes you desire. If you can’t define the behaviors to support the new direction that you want to achieve, then you run the risk that you will fail, as most organizations do, at translating vision to action.

#7 – Center Your Attention on Readiness: Don’t ask, “How can we help our people change?” Instead ask, “How can we help our people to be more ready to make this change?”

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7. Enduring Purpose

Why do your employees get up in the morning and come to work in your organization? What percent are solely motivated by the need to make a living?

People who come to work for reasons other than the need for an income are motivated by some deeper sense of purpose. It's that purpose that gives meaning to their work. In other words:

Purpose drives engagement

Consequently, the third Root of Engagement represents Enduring Purpose.

There is a large body of research on the power of purpose. At minimum, when employees have a sense of purpose, they are more engaged and they have:

- Increased perseverance in the face of obstacles
- Greater adaptability and flexibility
- The ability to be grounded even in the face of ambiguity and uncertainty
- An increased sense of identity concerning how they make a contribution to your organization
- Increased job satisfaction
- Higher levels of productivity

Research on creating purpose in the workplace identifies a number of different ways that employees can derive a sense of purpose at work.^{xii}

The Organization – Employees can derive a sense of purpose from the organization's mission, vision, goals, and culture

The Job – Employees can develop a sense of purpose from the actual work they do

Relationships with Others – Many employees derive a sense of purpose from their relationships and interactions with others at work

Their Contributions – Employees can build a sense of purpose from the way they make an impact on the organization

The key to aligned engagement is to link employee sense of purpose to the business strategy or change you want to implement.

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Ten Actions You Can Take to Build Employee Engagement – Actions #8-10

- ☑ **#8 – Create a Sense of Purpose for the Entire Organization Aligned with Strategy:** This is the secret behind the power of communicating a clear and compelling future for the organization—it gives the workforce a sense of purpose.
- ☑ **#9 – Create a Sense of Aligned Purpose for Teams:** Help each group in your organization understand their sense of purpose and how their contributions as a workgroup impact the company.
- ☑ **#10 – Create a Sense of Aligned Purpose for Key Contributors:** Encourage managers to identify the perspectives, needs, and priorities of your key contributors and help each understand how they “make a difference” in your organization.

9. Summary

Engagement has become a critical issue that can either erode market success and financial performance or drive an organization more quickly to its marketplace objectives.

While there are many factors that shape the degree to which a workforce will engage in its organization’s strategic priorities, there are a small number of vital factors that can be influenced in order to accelerate engagement in strategy.

There are very few other business factors that warrant more immediate attention than building a workforce that is engaged in your business priorities.

If you’d like further details on any of this research or to discuss how building employee engagement will strengthen the critical business initiatives in your organization, please contact us.

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Our clients are typically mid-market business leaders who believe that investing in people is vital to their success. The majority come from the high-tech, life-sciences, and service industries and often lack the internal resources or expertise to get the job done. They want more than what traditional training and consulting approaches can deliver.

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We get results. Our one-stop-shop offerings range from creating a high performance culture, to outsourcing the training function, to designing and delivering targeted learning solutions. We excel in seven key practice areas: assessment, sales, loyalty, leadership, management, project management, and measurement.

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We partner with our clients in a way that makes sense for their unique situation. First we identify the key metrics they want to improve. Then we assemble a dedicated team of experts who have successfully solved similar problems with similar clients. Our expertise and flexibility allow us to move the performance needle faster and farther than anyone else in our industry.

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98.2% recommend LSA

98% solution satisfaction

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