transformational engagement

the art of

a HR guide
Introduction - from Good to Great: the missing link

Many business leaders talk about ‘going from good to great’ - and countless strategies have attempted to make this shift happen - but relatively few have succeeded. Why?

The answer is no less complex than the problem. Common barriers include:

• Business decisions and goals set at departmental level compete with one another. Success in one area damages another, e.g. higher sales scuppers customer service; or higher manufacturing productivity scuppers distribution. This is due to lack of transparency and silo’d planning processes that don’t emphasise connectivity between each node in the network.

• Time and effort invested in strategy is not matched with investment at grass roots level; or in other words, change gets blocked at a specific level in the org structure - where there’s a communication gap, with little information going up nor down. If managers don’t embrace or understand the change, they won’t engage their teams and the change isn’t embedded as business as usual, leading to disappointing results.

• Organisations are simply trying to do too much - taking on new projects that spread resources too thinly; leading to project failure, overspend, under-delivery and distraction from the main trajectory, deviating the company further from achieving its most important goals.

• The talent required to deliver against goals and make projects successful isn’t available, due to underestimating the resource that’s needed to turn a strategy into reality; or underestimating the challenge of acquiring and retaining the best people.

These issues span every level and department; and cannot be solved with the same thinking that was used to create them. Something new is required - a set of practices, tools and knowledge that will serve as glue, aligning the organisation towards clear, inspiring goals; and building energy and relationships to provide the momentum required to deliver.

Welcome transformational engagement - the essence of great companies.
The definition of engagement

Relationships fuel the pulse of any organisation, large or small. Relationships are about building the right connections between communities, businesses, managers and employees. Levels of engagement are enhanced when values and aspirations are shared, when we listen to each other’s perspectives, communicate effectively and inspire and energise in equal measure.

“Employees who work for a highly engaged organisation get an organisation they feel proud to work for, managers who are more likely to listen and care for them, leaders who listen to them, more opportunities for personal growth and teams that support each other. They are likely to perceive the deal they get from their employer as positive and experience lower levels of stress and a better work-life balance.”

~ Jonathan Austin, Founder & Chief Executive, Best Companies

(Best Companies’) def·ini·tion of workplace engagement:

‘Doing it because you want to, not because you have to.’

engage

verb [l or T] (FIT TOGETHER)

‘The act of attracting or holding attention, the state of being connected or linked’.
Engagement vs satisfaction

In the past, it was widely accepted that measuring employee satisfaction would give a good indication of how employees feel about their organisation and the likely impact on business performance. In today’s fast-paced, highly competitive landscape, however, the gaping void between engagement and satisfaction has become increasingly stark (see Fig. 1). It’s clear that satisfaction is simply not enough to attract, retain and grow talent in the 21st century.

As organisations advance beyond satisfaction, towards engagement, they have the opportunity to turn customers and employees into fans and passionate advocates. The strong emotional connection with the company purpose and intense loyalty felt by employees is no longer considered a ‘fluffy’ nice-to-have, but an essential driver of performance.
Although most organisations today accept the need to move beyond the comfortable, inactive realms of satisfaction towards highly active engagement, the most progressive companies are going a step further: using engagement as a means to transform business results.

(Best Companies’) definition of transformational engagement:

‘The practice of transforming performance by systematically measuring, recognising and improving employee engagement’

Why engagement matters - the business case

In a world where the pace of change continues to accelerate, fuelled by new technology, rising consumer expectations and fierce competition, organisations are under more pressure than ever to achieve ambitious targets without exponentially increasing budget and resource. In other words, we consistently have to do more with less. Business leaders have come to recognise they must focus on people as the route to competitive advantage and growth.

CEOs of top performing organisations understand that engagement enables them to reach new levels of performance. HR departments are, in turn, being put under increasing pressure to assume a more strategic position in the organisation, focusing on talent strategies to deliver results.

“Dispirited, unmotivated, unappreciated workers cannot compete in a highly competitive world.”

Francis Hesselbein, CEO of The Girl Scouts USA 1976-1990
Engagement and the bottom line

It’s no surprise that business leaders are embracing employee engagement, given the strength of the correlation between engagement and financial performance.

Fig. 3 below shows how markedly the financial results of Best Companies Accredited organisations (i.e. highly engaged) outperform the overall FTSE 100.

Best Companies’ data reveals that Accredited companies’ shares outperform the FTSE100 by 3.5 times

“To win in the marketplace you must first win in the workplace.”

Doug Conant, CEO of Campbell’s Soup
Figs. 4 and 5 below demonstrate that growth, in terms of number of employees, increases dramatically the higher an organisation’s engagement score (BCI - Best Companies Index).

Fig. 4 Growth by Best Companies Accreditation star rating and Best Companies To Work For List status

Fig. 5 Growth by Best Companies To Work For listed vs not listed

90% of leaders think an engagement strategy will have an impact on business success, but barely 25% of them have a strategy

(Source: ACCOR)
Engagement and customer service

Mantras like ‘customer obsession’, ‘customer promise’, ‘putting the customer at the heart of everything we do’ and ‘delivering wow’ appear in many business strategies today, as leaders acknowledge that rising customer expectations, low loyalty and increased competition require intense focus on improving customer experience.

Most organisations recognise that relentlessly focusing on the customer is key to increasing revenue and reducing churn. Online knowledge bases and support communities in many industries are enabling customers to self-serve, by helping themselves to ‘how to’ articles, training videos and quick answers on the web - often published not by the company, but by fellow customers.

The rise of online service has enabled some organisations to reduce the burden on their customer support teams - with some opting to move away from call centres entirely, to focus purely on ‘social’ support. This, in turn, means front-line employees can focus their attention on more demanding, complex customer issues - and building relationships.

Customer-facing staff must be equipped with deeper knowledge, more comprehensive training and greater autonomy than ever before, to make decisions about how best to delight a customer in the moment.

Empowering customer-facing teams to deliver outstanding service can have a tremendous impact not only on overall customer satisfaction levels, but also on brand reputation. Equipped with social media like Twitter, Facebook, blogs, forums and LinkedIn, consumers have the power to share how they feel about products and services with the rest of the world - often instantly, in real time, on their mobiles. Going the extra mile and providing ‘magic touch’ experiences can earn greater recognition than traditional ad campaigns.

“The way your employees feel is the way your customers will feel. And if your employees don’t feel valued, neither with your customers”

Sybil F. Stershic, former Chairman of the American Marketing Association

Companies with high employee engagement scores have twice the customer loyalty (repeat purchases, recommendations to friends) than companies with average employee engagement levels.

[Source: Are They Really ‘On the Job’?, Pont]
A video of a member of cabin crew from Southwest Airlines rapping the safety announcement, for instance, has clocked up an astounding 1.1 million views. [https://www.youtube.com/watch?v=pvdCFYLf_JI]

It stands to reason that highly engaged employees are more likely to deliver high levels of service, or in other words, happy employees = happy customers. To raise the bar in customer experience, therefore, business leaders are focusing on the employee experience; and measuring employee engagement reveals precisely where to target improvement efforts.

“Highly engaged employees make the customer experience. Disengaged employees break it.”

Timothy R. Clark, leadership coach & author

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**Engagement, marketing and HR**

Many CEOs today are concerned that their organisation’s ability to attract and retain top talent could limit their ability to achieve operational targets. This concern has never been more justified, with countless strategies failing because the business has mistakenly assumed that they’ll be able to acquire the talent necessary to execute change plans.

The relationship between talent management and business strategy is at the forefront of business leaders’ minds, demanding that HR professionals have deeper involvement in the boardroom than ever before.

As HR’s contribution to organisational performance and effectiveness becomes more tangible, the need for robust employee engagement data is rising. Put simply, HR Directors now have the ability to show up at meetings armed with solid numbers that help them have the right conversations and make confident strategic decisions.

The emphasis on measurement, data and analytics demonstrates how HR as a business function is radically changing. Sound judgement and good ideas are not enough - rather HR Directors are assuming a more consultative role, thinking like data-driven marketers.
Stealing processes from Marketing could present HR’s greatest opportunity to skip ahead of the curve and win the war for talent.

“Talent borrows, genius steals”

Oscar Wilde

Many billions have been invested globally in tools and practices that enable Marketers to get, keep and grow customers. Given HR is concerned with getting, keeping and growing employees, an untapped source of HR innovation is lying in wait.

Fig. 6 below illustrates how marketers typically develop customer relationships.
The same thinking can be applied to developing employee relationships:

- **Acquisition**: we need to show up wherever talent is - perhaps on LinkedIn, blogs, in newspapers - and the perception of our employer brand must feel positive enough to attract attention and entice people to take some sort of action, such as visiting the company careers site.

  **Recognition as a world class employer** builds your corporate brand and reputation - increasingly vital in a social media world - so marketers are turning their skills internally, while HR is now marketing - focusing on reputation, employee advocacy and **employer brand-building**

- **Conversion**: when they arrive on our site or decide to interact with us, the journey must be clear and compelling enough for them to decide they want to work with us.

- **Retention**: once we’ve won an employee, we need to give them a positive experience and deliver against expectations, in order to prevent them leaving.

- **Upsell/cross-sell**: we then have an opportunity to grow the employee by offering them more development opportunities.

- **Referral**: if we do a good job of all of the above, the employee will feel so positive about working with us that they tell all their friends and family, kick-starting the whole process by feeding more people into the top of the employee funnel.

Organisations are increasingly measuring **employee advocacy**, stealing customer metrics, to apply to HR. A current example of this is **Employee Net Promoter Score (eNPS)**, which measures how likely employees are to recommend your company to friends and family.

Marketers focus heavily on increasing customer engagement, ultimately to impact revenues - or in other words, to determine the health of the funnel - through measures like **reach** (how wide an audience you’re touching) and **interactions** with that audience (e.g. retweets on Twitter, likes on Facebook, shares on LinkedIn). HR should be following suit, to maintain the health of the employee funnel; and therefore prevent strategies from failing due to talent management shortcomings.

**Systematically measuring, recognising and improving** employee engagement enables organisations to optimise **employee funnel** performance, paving the way for **transformational** results.
How to create your transformational engagement strategy

Engagement is fundamentally about two things…

Transformational engagement focuses on attracting and holding employees’ attention by building energy within the organisation, then building relationships to strengthen that connection or link.

Step 1 - Measure

Jack Welch, former CEO of General Electric, understood the power of Transformational Engagement.

He believed that the overall health of an organisation depends on three things: Engagement, Customer Satisfaction and Cashflow; with one driving the other, as per Fig. 7 below.

Given transformation begins with engagement, the first step is to measure, to get a true understanding of your organisation’s current reality.
“You need to take the measure of employee engagement at least once a year through anonymous surveys in which people feel completely safe to speak their minds”

Jack Welch

Best Companies measures engagement across 8 factors that have been tested using exploratory factor analysis, a statistical method used to identify the underlying relationships between a large set of variables; or in other words - it has been scientifically proven to give a true picture, rather than relying on theory or assumptions.

Whatever survey provider you choose, it’s important to check the robustness of their methodology, to ensure your data is meaningful enough to base strategic decisions on, without heading down the wrong track or chasing red herrings.

The 8 factors that reveal how engaged an organisation’s employees are is shown in Fig. 8 below.
When planning how to approach your engagement survey, it’s important to think carefully up front about what you want to achieve and how the resulting data can be used to help you reach your goals. This will enable you to gather data in the right way and get meaningful reports out the other end that are useful at all levels: from CEO and boardroom, to HR and departmental managers.

**Measure: Questions to ask yourself**

- What structure and level of reports do we need?
- What level of analysis of our results do we need?
- How will our engagement data support our business objectives?
- How can we maximise employee survey response rates?
- Which organisations do we want to benchmark against?
- On a scale of 1-10 (1 = poor, 10 = great), on the business case for engagement, what level of understanding do we have from i) CEO, ii) Directors, iii) Senior Managers, iv) Managers, v) Supervisors?

**Step 2 - Recognise**

Once your engagement results are in, recognising where you’ve done well - and perhaps less well - and giving recognition where it’s due, is a vital second step.

Highly engaged organisations may publicly celebrate and promote their employer brand by winning a place on the Best Companies to Work For List, but they’re not the only ones who can take the opportunity to increase engagement and positive word-of-mouth around their brand, both inside and out. Simply the act of listening and taking action off the back of employee data demonstrates forward motion and commitment to change.

For all organisations, disseminating engagement data throughout the organisation forms the basis of game-changing action plans. Without the data, initiatives can be proposed and actioned based on wrong assumptions, leading to disappointing results. Failure to disseminate data throughout the organisation - with high level cuts for senior leadership, departmental cuts for managers, nitty gritty for HR and so on - is a key reason why engagement doesn't improve.
Recognise: Questions to ask yourself

- How and when will we share findings of the survey with: i) CEO, ii) Directors, iii) Senior Teams, iv) Managers, v) Team Members

- On a scale of 1-10 (1 = disengaged, 10 = highly engaged), what levels of engagement do we have from the following ‘employment groups’: i) Directors / Senior Managers, ii) Managers, iii) Team Members

- What business practices might be impacting on the engagement of our colleagues?

- How are we helping managers to understand their results?

- What have been the key findings from our survey?

- How will we get managers to take ownership of their results?

Step 3 - Improve

Having disseminated your engagement data, it’s time to create an action-based roadmap that will take you from your current reality towards your desired outcome.

The tension between where you want to be and where you are should propel people forward. Armed with data that’s relevant to them, every leader and manager should play an active role in building the energy and relationships that are necessary to create transformational improvement.

All the strategy powerpoints in the world won’t transform results without individuals at all levels understanding and taking ownership of the transformational engagement plan.

“The single biggest problem in communication is the illusion that it has taken place”

George Bernard Shaw
Improve: Questions to ask yourself

- How do we support managers to create local engagement plans?
- How and when do we communicate to colleagues what our next steps are for improving engagement?
- How can we get the CEO / Directors involved in the creation of corporate engagement plans?
- What training do we provide managers, for improving engagement?
- How do we capture and share best practice from highly engaged teams?
- How do we keep the focus on the engagement plans alive throughout the year?

The two key issues holding organisations back from transformational improvement are:

1. Organisational Clarity

Organisational clarity is about creating alignment between individual, departmental and overall company goals. If every employee understands how their tasks are contributing to their department’s goals; and how these feed into company goals - all underpinned by an emotionally compelling primary purpose, an inspiring outrageous ambition and a commonly understood set of core principles they can identify with and take pride in - you have organisational clarity.

2. Managerial Engagement

Managerial Engagement is vital to reducing employee churn. Managers who understand engagement understand the impact their behaviour has on their team; and in turn how this drives performance.
Best Companies data - the biggest engagement dataset in the country - reveals strong statistical evidence that improving **organisation clarity** and **managerial engagement** will increase engagement (see Fig.9 below); yet these are the areas organisations struggle with the most.

Fig. 9: When organisational clarity is high, employee engagement is also high (and vice versa). The same applies to Managerial Engagement.
Creating organisational clarity begins with assessing the existing vision, mission or purpose; then crafting an everlasting primary purpose that will rally the troops.

Best Companies’ Primary Purpose:

To help make the world a better workplace.

The purpose is then distilled into a finite outrageous ambition that has a target date for achievement.

To determine how you’ll go about achieving the ambition, bringing you closer towards your purpose, the organisation’s values are assessed; and a set of core principles are carved to ensure they’re clear enough to guide behaviour, memorable enough to be referred to in day-to-day decision-making and real enough to reflect the brand’s DNA.

While the above can be achieved through workshopping with senior leadership, the rubber hits the road when the ambition is broken down into achievable goals.

Next, objectives are identified by thinking about what needs to happen in order for those goals to be reached. This is where deep thought is given to the desired outcome and the current reality. Understanding the gap is what enables projects and processes to be specified, in order to take clear steps towards reaching each objective.
Creating **managerial engagement** begins with helping managers understand the impact of their behaviour on their team’s engagement levels; and giving them a framework for adopting the behaviours proven to increase engagement.

Best Companies’ model for management development focuses on 4 key behaviours:

- **Motivating**
  - Selling the direction and vision of the organisation and ensuring others can see how their role impacts the bigger picture

- **Considering**
  - Recognising what you’re asking from people and ensuring it’s realistic and achievable. Supporting people in achieving their tasks. Recognising and rewarding a job well done

- **Conversing**
  - Opening the channels for effective two-way communication. Sharing information in an open and honest way and being open to receiving information from others

- **Caring**
  - Understanding that people have a life outside of work, respecting their time for family, friends and outside interests / hobbies. Showing an interest in them as individuals and demonstrating care for their needs

The 4 factors break down into 8 sub-factors that managers can focus on to create practical action plans for improvement...
A transformational engagement case study: Fitness First

Back in 2012 Fitness First faced some tough challenges. Financial pressures following rapid expansion forced them to close clubs, make redundancies and spearhead a dramatic strategic shake-up in order to save the business.

Fitness First committed to radically reshaping the structure of the organisation, the brand, customer experience and value proposition - focusing on people as the #1 priority.

Rather than reacting to the financial pressure with rigid sales targets and whip-cracking, Fitness First decided to focus on engagement above all else, trusting that results would take care of themselves if the right people were in the right places, inspired and motivated to do the right things.

They knew that club managers were lynchpins of the business, in terms of building high performance teams and delivering an exceptional customer experience that would keep gym-goers coming back for more.

When measuring engagement, they structured their data by club, so the data would provide insights on how each club was doing. This also created some healthy competition; an approach that suited their energetic culture.

Fitness First embedded Best Companies measures in the business, including benchmarks - both for overall engagement and for individual managers - that would provide an achievable stretch. HRD Neil Tune keeps engagement results on the wall in his office, colour coded to see at a glance where performance is above or below the benchmark.

Although the journey is far from over, the shift in the brand, customer experience, engagement and results is impressive. Fitness First truly has transformed performance by systematically measuring, recognising and improving employee engagement.
Templates & resources

- Transformational Engagement strategy template - free download:
  http://info.b.co.uk/transformational-engagement-roadmap-template

- Engagement best practice: the 'my company' factor - including downloadable best practice posters:
  http://blog.b.co.uk/blog/employee-engagement-best-practice-part-1-the-'my-company'-factor

- For more updates, tips and insights you can follow us on Twitter @bestcompanies and follow our LinkedIn Company page: http://hubs.ly/y06B0C0