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(All Aboard?)

Why companies still don't get **employee engagement** right.

Let's begin with what you already know, at least intuitively: Employee engagement is good for your company.

Now let's turn to what you may *not* know about employee engagement: everything else.

To some degree, that's forgivable. After all, it used to be that companies expected employees to show up for work, do their work, and then . . . well, then repeat the process the next day, and the day after that, and after that. In return, workers got a salary and maybe some recognition for a job well done. Beyond complying with this social contract, neither side had great expectations.

Today, that contract is being rewritten. What was fifteen years ago a small blip on leaders' radar is now a mainstream concern. Employees want to feel better connected to their jobs, while organizations are discovering that getting their people to work effectively is work in itself. This is especially the case as a sour economy, continued layoffs, and intense competition mean that the benefits of enhanced employee engagement—improved productivity, better customer service, and higher rates of employee retention, to name a few—are more important than before. At the same time, what makes employee engagement more vital nowadays makes achieving it more difficult. Even when organizations try to boost engagement, they often fail. Here's a look at how to avoid the most common pitfalls.

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PLUG AND PLAY

For starters, stop thinking of employee engagement as a plug-and-play activity. Successful employee-engagement practice is not about plugging in a set of tools and techniques that you just read about in some hotshot guru's latest book—and then expecting engaged employees to magically appear. It's appealing to think that because an initiative worked well at another firm, it will work wonders for you, too. Although it is true that certain methods are generally more effective than others, your company isn't general. You need to implement tactics specific to your situation. To figure out what those techniques are, leaders must first engage with their people. How you engage with employees is as important as the tactics you use.

Unfortunately, there is an increasing sense of unease about the growing distance between managers and those they manage. As executives spend more and more of their days in meet-

Surveying the Surveyors

Before you can increase employee engagement at your organization, you have to measure it, right? And to do that, you may want to begin by asking your workers the obvious question: "Do you feel engaged at work?" But hold on—*engaged* means different things to different people, none of which may coincide with your definition. This begs the question: What *exactly* are you measuring when it comes to employee engagement: satisfaction? happiness? morale? commitment?

Until about fifteen years ago, businesses often surveyed employees about some combination of these. But in the mid-1990s, some companies soured on satisfaction surveys because the answers they were getting weren't all that useful: They didn't change significantly year to year, and results didn't differ much between organizations, according to Ted Marusarz, leader of global engagement and culture at Hewitt Associates. Yet the main problem with surveys that simply gauged happiness or satisfaction was that top managers didn't know what to do with the results. Sixty percent of your workers are happy—OK, now what?

Increasingly, companies are less interested in happiness than in learning whether workers are emotionally involved with their work or, as Mercer puts it, in a "psychological state in which employees feel a vested interest in the company's success and are both willing and motivated to perform to levels that exceed the stated job requirements." Essentially, *engaged*. "For many years, we conducted long employee surveys, brought back a bunch of data, and found out that managers would have a tough time using the information," says Jim Harter, Gallup's chief scientist for workplace management and well-being. "'Are you happy? Are you satisfied?' We've found that these are nice questions, but they are not how you measure engagement."

But they are how you might *start* to measure engagement. Many survey firms continue to ask what are known as reflective questions (often in the form of statements) that measure whether workers feel connected, satisfied, loyal, proud, etc. For example, Mercer's Employee Engagement Index asks individuals to rate five statements, including, "I feel a strong sense of commitment to this company and I am not considering leaving this company in the next 12 months." The Conference Board's Global Barometer for Measuring Employee Engagement is an eight-question survey composed of statements such as, "I am proud to work for (company name)," "My job gives me a feeling of accomplishment," and, "Overall, I am satisfied with my job." A main value of asking these questions, says John Gibbons, The Conference Board's senior adviser on employee engagement, is that doing so allows corporations to benchmark results over time and against other companies. Still, beyond benchmarking, the same question remains: Now what?

Most consultants today agree that it's not enough to measure *where* your organization's engagement levels are—you need to know *why* they fall where they do. By determining the specific drivers of engagement within a business, managers will have a better idea of the areas upon which to act to boost or maintain engagement. Thus, The Conference ings with other executives, the engagement gap grows between them and their subordinates. Meanwhile, people want leaders who understand them and the work they do. They do not want leaders who are missing in action.

Nothing beats direct interaction between management and workers. It is foolish to expect that sending leaders to employee-engagement training will create an engaged organization overnight. Such training is only the beginning: Following the workshops, there needs to be time and opportunity for leaders to come together and share their learning so they improve over time.

THERMOMETER SOLUTIONS

Of course, you'll want to know if your efforts are working—and what better way than simply to ask your workers? Indeed, engagement surveys are great, providing information about strengths and areas for improvement. (That is, if you ask the right questions. See "Surveying the Surveyors," below.) Over time, you can follow engagement trends as well as benchmark within your organization and against other businesses. Be careful, though, that surveys don't lead to "thermometer solutions"—those based on measurements without understanding underlying causes.

For example, one manufacturer recently pored over its latest engagement-survey results; top managers were distressed to find low scores for employee recognition. The company's response: an employee-recognition program, complete with logo clothing and monetary rewards for high performance. A year later, management anxiously awaited new survey results. To their dismay, nothing had changed—employee recognition was still dismal.

The organization had created a classic thermometer solution by recognizing the problem, developing a solution, and implementing it without ever talking with those who filled out

Board packages its Barometer with a series of forty-six questions pertaining to organizational health, managerial quality, job design, workplace readiness, and extrinsic rewards. Similarly, after Hewitt asks its initial six reflective questions, the firm goes on to quiz respondents about growth opportunities, recognition, work/life balance, and other relevant issues.

Gallup, though, insists that it requires only twelve questions—the company's famous Q12—to identify the actionable core elements "that best predict employee and workgroup performance." Harter reveals that it took fifteen million responses before Gallup finally settled on the current version of the Q12, which includes statements such as, "I know what is expected of me at work," "In the last seven days, I have received recognition or praise for doing good work," and, "My supervisor, or someone at work, seems to care about me as a person."

"Over many decades, we'd collected tons of studies of organizations with the belief that every organization is different," Harter says. "So we thought that every company needed its own employee-opinion survey to capture what the culture is like. We used to think we had to tweak surveys by company, industry, even the wording of the questions. Over time, empirically, we found out that that wasn't really the case. These twelve statements work across all organizations. The only things you need to tweak are how you roll out the survey and the training afterward. Long surveys aren't necessary to find out what really matters in the workplace."

Not everyone agrees that a dozen questions are sufficient to measure engagement accurately. A typical Mercer survey is seventy questions, about 85 percent of which the firm pulls from its bank of 125 questions. The rest are customized per company, as are up to one-third of the questions on a Hewitt survey. "One size does not fit all," suggests Pete Foley, a principal at Mercer. "You have to get to know the company, people, strategies, and skills that are needed." Additionally, he believes that too many surveys don't move beyond "me issues"—my pay, my boss, my job—to address "we issues" with questions such as, "How can we operate more efficiently?" and, "How can we remove barriers so that employees can feel better able to contribute?"

In the end, the hardest part about surveying workers has nothing to do with the process itself. Instead, it's what happens—or doesn't happen—afterward. Many companies treat the surveys as the end of a project rather than the beginning. "It's easy to design a survey and collect data," Foley says. "The bigger challenge is doing something about it. Oftentimes, companies fail here." After organizations receive survey results, many neglect to strategize on ways to sustain or bolster engagement, which often involves education and training. "An employee-engagement survey is an opportunity to reconnect with workers," Hewitt's Marusarz points out. "Think about it as a communication tool as opposed to an assessment."

In fact, Marusarz has another piece of advice for organizations: "If you're not going to do anything useful with the information, you're better off not even collecting it."

—Vadim Liberman

the survey. Had company leaders engaged in simple conversations with workers, they would have learned that what people wanted most was for leadership to recognize their hard work and understand what they were dealing with daily. Employees had been working seventy-to-eighty-hour weeks to meet project deadlines. They would have appreciated occasional questions from managers such as, "Is there anything I can do to help?" They wanted leaders to stop being indifferent about computers that frequently crashed and programs that didn't work. Plainly put, they wanted simple gratitude for their efforts, as well as help in addressing issues that were making their jobs difficult.

Contrast that with the approach leaders took at a major advertising firm. Low employee engagement was showing up not only in surveys but in a high turnover rate. The agency conducted a series of employee focus groups, sharing with

A World of Difference

For some, it's pay. For others, it's respect. Still others value career advancement. Employees' perceptions of their work environments and the drivers of engagement often differ by country, according to studies conducted by HR consultancy Mercer. Below is a summary of Mercer's most recent research and recommendations on international employee engagement.

AUSTRALIA: Australian workers value the quality of workplace relationships. Of those who say their manager does not play an active and regular role in their coaching, three-fifths will consider leaving the organization.

BRAZIL: In general, Brazilians rate their organizations quite positively. More than three-quarters are proud to work for their companies, and four-fifths are confident that their organizations will be successful in the future. However, Brazilians are less impressed with training-and-development programs and efforts to help them achieve work/life balance.

CANADA: Most workers are satisfied with the three factors they most value: being treated with respect, having a good work/life balance, and feeling that they can provide good customer service. About three-quarters say they feel respected and that their organization has a good reputation for customer service, and almost two-thirds claim they are able to maintain a healthy balance between their work and personal lives

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CHINA: Though benefits rate highest among the Chinese—perhaps a reflection of the lack of a developed social-security infrastructure—many employees are dissatisfied with what their firms offer. Few workers believe they get enough chances for training and development, and only about half report that their managers actively encourage them to participate in training opportunities.

FRANCE: French workers prize work/life balance more than peers in other countries. However, employers need to pay more attention to issues of respect, an increasingly important engagement factor. Less than half report that they are treated with dignity and respect, and fewer than four in ten say they are encouraged to innovate.

INDIA: Type of work and promotion opportunities are foremost motivators in India, and for the most part, employers are meeting employees' needs. Four-fifths of workers say they would recommend their organizations as "a good place to work." But due to greater opportunities in the job market, Indian managers need to ensure that their rewards packages and programs remain competitive.

JAPAN: Base pay and incentive compensation are very important to Japanese employees. Relatively speaking, the Japanese are dissatisfied with their base pay and instead motivated by their incentive-compensation plans. Consequently, managers should address salary issues without compromising other financial rewards.

SWEDEN: The Swedes rate respect far above that of any other element, and nearly a third feel respected regardless of their position or background. Furthermore, more than four-fifths confirm that they have sufficient authority to be effective in their jobs. Swedes are also notable for how much they value the type of work they do—more than 80 percent feel that their jobs give them a sense of personal accomplishment.

UNITED STATES: American workers look for respect and place a premium on career advancement. For those who feel they are treated with dignity, more than four-fifths are willing to go beyond the call of duty to help their organizations succeed. Moreover, nearly 90 percent of employees are willing to go the extra mile when they see career-growth opportunities.

UNITED KINGDOM: The British emphasize the ability to provide good customer service, and a full four-fifths say that their companies allow them to do just that. They are also quite satisfied with the amount of discretion they have in their jobs but are far less trusting of and satisfied with management. A key component of their engagement, however, is the sense of personal accomplishment they receive from their work, about which more than seven in ten hold a positive view.

them the survey results and asking them why they responded the way they did. In these discussions, leaders learned that while the work was stimulating, the long hours, frequent travel, endless meetings, and 24/7 e-mails left people emotionally and physically exhausted. Together, management and employees developed a series of changes, including no-meeting days, e-mail-free weekends, and no-travel weeks, a time set aside when no one would be on the road. The result: Not only did employee retention improve—so did client ratings.

AN END TO ITSELF

The goal of employee engagement is *not* employee engagement itself—it is a better-functioning organization. Too many companies fail to understand engagement's impact on critical business issues. Rather than recognize the beneficial role that engagement can play throughout the organization, busy leaders trying to balance many competing demands view it as yet another task to check off. It becomes a burden.

We learned this firsthand while working with a healthcare organization. Middle managers were unable to make a positive connection between employee engagement and business measures such as cost, quality, and patient care. As a result, employee engagement ended up in the change graveyard.

On the other hand, insurance giant Allstate positioned employee engagement as central to redesigning Customer Enterprise Services, a six-thousand-person organization spread over eighteen locations. CES provides IT support to Allstate's call centers and back-office functions, handling a half-billion customer transactions per year. Before the redesign, CES's internal and external customers were dissatisfied with the service they'd been receiving, while CES was under immense pressure to reduce costs. To remedy the situation, employees from all levels came together for a series of half- and full-day sessions over several months to improve the organization. Today, the CES community is blowing away its budget, coming in millions of dollars under plan. Customer satisfaction has increased from 77 to 84 percent within seven months, and Allstate realized a fifteen-fold return on investment within a year and a half. John Bader, vice president of CES, talked about "turning over the organization to the organization. . . . We needed to create a safe environment. Everyone's voice counted. We honored differences. We developed a clear line of sight between the inclusion behaviors and our desired results."

ONE-WAY STREET

As important as it is to tie employee engagement to critical business issues, that is only part of the equation. Management also needs to stop thinking about employee engagement as a one-way street. Engaging employees in the goals of the enterprise is just as important as engaging leaders in the goals of their employees. Senior executives need to reflect the attitude that every voice counts and that what everyone cares about at work matters.

For instance, at Boeing, leadership faced widespread resentment in the form of high attrition rates and low productivity following what was the largest white-collar strike in U.S. history. Subsequently, the company instructed leaders at every level to have conversations with their people centered around two questions: "What is important to you at work, and why?" and, "What improvements would you like to see in your work group?"

Leaders met individually with employees to discuss the first question, then in a group setting to discuss the second. After the process, surveys showed employee satisfaction improving a remarkable 40 percent. Three years later, 80 percent of the employees who'd gone on strike voted to renew their contract. Today, Boeing continues to add new jobs, production rates for commercial airplanes are increasing, and orders are up.

CONSTRAINING TALENT

Recently, I asked a checkout clerk at Best Buy what it was like to work there. "I love this place," she replied. "They trust me to make the right decisions. I've worked for other retail organizations where you couldn't do a thing without checking with your supervisor. Here, I can do what I think is right, and management will support me."

Challenges engage people. When your job requires slightly more skills than you possess, you work actively to develop those skills. (While public reasons for the Boeing strike centered around wages, an underlying cause was engineers believing that their jobs underutilized their talents.) By allowing people to stretch themselves and work on projects perhaps previously reserved for those above them, employees will likely feel they have more status—or, at the least, more of a stake—in the organization.

The key is to have, as much as possible, employees determine the focus of their own work, and allow them the time and the resources to pursue their ideas.

People also feel more engaged when they are able to work on projects that are important to them. This might include finding new and better ways to do a job or working in the community. Today, many people are looking for work and a workplace that provides meaning. As one IT professional recently told me, "I can do IT anywhere, but I choose to do it here because this organization gives people time off to work with local nonprofits."

West Monroe Partners is a consulting and professional-services firm consistently ranked among the top places to work in Chicago. Their "Chief's Program" encourages employees to pursue ideas for which they have energy and passion. Workers are free to identify a need and write a charter. If the proposal is approved, employees receive a budget for their project and can then recruit others to join them in their efforts.

Chiefs tackle traditional business issues as well as more unconventional tasks—there is a chief cleaning officer, a chief green officer, a chief holiday officer, and so on.

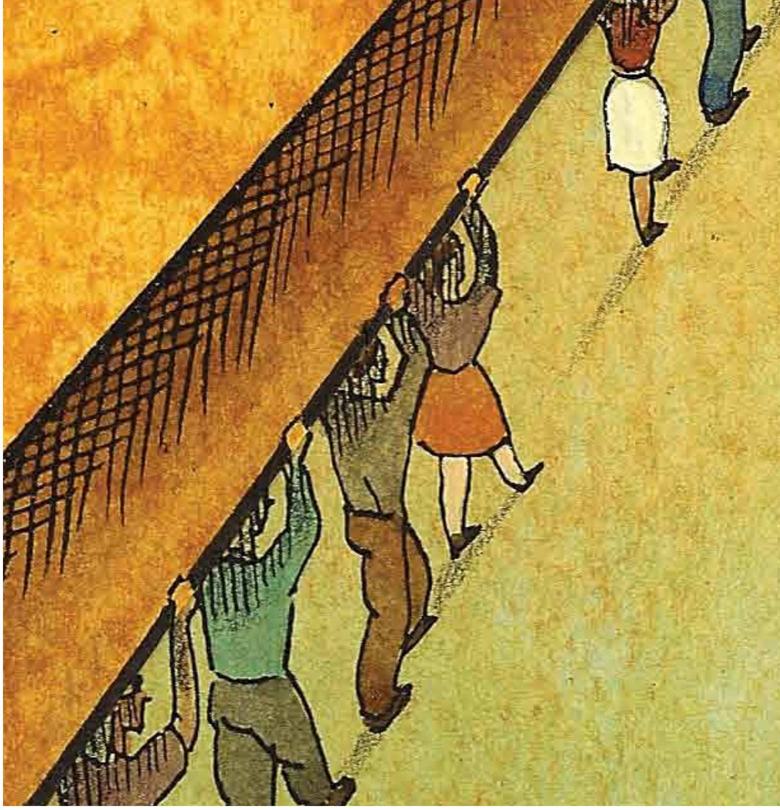
"We use the Chief's Program in recruiting to describe the way we encourage talent," says Paulette McKissic, the firm's HR director. "What stemmed from a need to develop leadership and ownership in the organization has blossomed into a key differentiator for us."

CHANGE MANAGEMENT, OLD AND NEW

Companies must also change *how* they change. Too many businesses continue to practice what I call *old change management*, a series of leader-directed moves in which the few decide for the many. Despite the fact that nearly two-thirds of change projects fail to reach their stated goals, organizations continue to use an outdated management model that excludes significant employee participation until *after* the top team has made all the key decisions. In seeking to foster buy-in for projects after the fact, leaders wind up turning themselves into salespeople and their employees into consumers, which only creates engagement gaps that increase resistance. Instead, management should be looking to build communities to effect change successfully.

The value of engaging employees and other stakeholders came through in our work with Calgary Health Region, a healthcare organization that's now part of Alberta Health Services. Employees and patients had been struggling with long wait lines to see specialists. To tackle the problem, more than 250 patients and their family members, doctors, secretaries, and decision-makers came together in two highly interactive conferences to discuss what everyone cared about most: providing quality care to patients. You might think that involving that many people in the redesign of the system would lead to chaos and confusion—why not instead get a few smart people in the room and let them fix the problem? But the conference participants formed a community of connected people who worked tirelessly to implement a new referral system. Today, Calgary doctors and staff provide effective, timely care to more people than ever, and wait times to see specialists have dropped between 10 and 40 percent.

Another company that rejected an old-change-management approach is my publisher, San Francisco-based Berrett-Koehler. Like most book publishers, the organization has suffered a recent decline in sales—some 30 percent. Instead of laying off people, though, top management met with workers and shared the latest financial data with them. Together, leadership and employees decided to institute a temporary 10 percent salary reduction for all but the lowest-paid workers, as well no bonuses for anyone, including management. Employees then mobilized to find other ways to cut costs and increase sales. The result? Berrett-Koehler was able to get sales moving up again, to cut even more costs than projected, and to end 2009 profitably. As financial performance continues to improve, the company is restoring salaries to their original levels.



Management should be looking to **build communities** to effect change successfully.

Engaging employees in decision-making is what we call *new change management*. Deep down, most of us know that meaningful engagement is key to creating worthwhile communities at work—and vice versa—capable of seeing change through. New change management means that leaders must widen the circle of involvement by including stakeholders from inside and outside the organization (and stop limiting teams to senior leaders); connect people to each other using a variety of methods and techniques; create communities and give people forums to have a voice in change that impacts them; and promote trust, honesty, and fairness throughout the process.

Most importantly, senior executives must ensure continued dialogue with workers. To begin, all it takes is asking one simple question of your employees: "What do you care about at work?" ■