Playing to win

Competitive organizations need to engage their people in a way that focuses on performance that matters to the enterprise. Here's how

by Jim Shaffer

Increasing employee engagement during an economic downturn is akin to tuning up your car so it runs on eight cylinders instead of six. The car performs much more effectively and efficiently with the additional power. Understood correctly, engagement can improve performance, quality and productivity.

Engagement is not a synonym for *involvement,* although involvement is required in order for people to become engaged. Engagement isn't the same as employee satisfaction either. Employee satisfaction is about happiness. Employees can be happy while they put the company out of business. Engagement is not a program, an event or something you get from a motivational speaker.

Engagement enables improved performance around things that matter to a business. It's a condition where employees are willing and able to help their organization win. Our day-to-day client work, as well as research performed by the Gallup organization and my former employer, Towers Perrin, proves that engaged employees are more profitable, more customer-focused, safer and more likely to stay with their employer. Companies that focus engagement efforts on specific performance goals have seen significant improvements, with as

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Engagement has three components:

- **People share the organization's values and identify with its purpose.** This is often called cognitive identity.
- **People have an emotional attachment to the company.** They're proud of their relationship with it.
- **People are willing to go the extra mile to make the organization a success.** When they're confronted by options on how to act, they'll choose the course of action that best meets the organization's operating or financial goals. They go out of their way, in part, because they know they'll share in the gains they create. This is often referred to as discretionary effort.

There is a significant opportunity to improve operating and financial performance through increased engagement worldwide. Most research shows that only about a fourth of the employees in North America are engaged and that engagement levels elsewhere are low but vary widely. A study of one of our global clients revealed that only 56 percent of its employees were engaged. That's the equivalent of operating at only 56 percent capacity. The CEO of our client company told his leadership team, "We're paying our people full market price but only getting 56 percent of their capacity. We have two choices. Continue to operate at less than capacity or lead these people in a way that increases that capacity. This is a no-brainer."

While it may be too much to expect 100 percent engagement, low scores may—and probably do—reveal opportunities to improve performance by doing a better job of leading people.

Inside an engaged organization

When people are engaged, they are proud of their company, believe it is customer-focused and want it to succeed. They understand how their role fits in the organization and contributes to a greater good. They have opportunities to collaborate with others and to learn and grow, and have confidence in their leaders. They believe they have the right amount of decision-making authority and that pay is fair.

How communication is managed is critical to creating this environment. It plays four roles:

- **Creating line-of-sight,** which is the big picture. People understand the direct line between what they do and the organiza-

Communication-led engagement effort creates a performance-focused story

ITT is a US$9 billion diversified high-technology engineering and manufacturing company with nearly 40,000 employees around the globe. Its corporate communication function took the lead in integrating employee engagement with Lean Six Sigma at a site in Lubbock, Texas. The company plans to replicate the effort in facilities throughout the world. The objective: Blend the so-called hard and soft sides of the business to improve performance more than either the hard or soft sides can on their own.

Courtney Reynolds, ITT's director of internal communications, is leading the communication pilot effort in Texas. "Our initial focus has been to help the site's leadership and employees create a performance-focused story—a consistent set of messages that are needed to engage people in the business of the busi-

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ness," she explains. "Then, we're building that story into everything that's said and done in the operation. Aligning the 'say' and 'do' helps eliminate mixed messages that confuse people and diffuse productivity. This, in turn, helps us help the site meet its business objectives more efficiently."

The effort has drawn on employees to eliminate other communication breakdowns that could cause people and the plant to underperform. "One issue we've had is getting the right information to managers, supervisors and operators so they could make decisions quickly. Making sure we do this has helped us attack on-time delivery and order lead times," Reynolds says.

Kim Rooker, the facility's head of human resources, says communication can't be one-sided if the goal is to continuously improve. "We've had to work to establish a commitment to create an open dialogue at all levels of the organization," she says. "We're encouraging a lot of participation and respecting the views of those who are participating. This creates trust and engagement, which enables the continuous improvement process."

—*J.S.*

tion's goals. They know how their actions influence specific performance goals. They can connect the dots.

- **Involving people in decision making.** Through involvement, people have the means to influence the organization, which in turn creates ownership. Involvement comes by asking employees, "What do you think?" as well as from more formalized process-improvement activities and team problem solving.
- **Sharing relevant information.** Information sharing means making sure people have the right information at the right times to make the right decisions and take the right actions to further the organization. Quite simply, when people have the same set of facts and data, they're apt to come to the same conclusions. This in turn drives their energy, decisions and actions in a common direction.
- **Making sure people are rewarded and recognized** for the results they create. Rewards and recognition answer the question "What's in it for me?" When people know how they'll benefit from their individual and collective actions, they'll work to help the organization win. There are way too many businesses today that have competitive and equitable pay plans but low recognition cultures. There are huge opportunities to improve engagement and performance simply by saying "Thank you."

Results delivered: An engagement effort at FedEx Express began with a clear target of increasing U.S. export volume in Los Angeles. The resulting 23 percent rise in sales represented a 1,447 percent return on investment.

Inside these four roles are two big jobs.

The first is to create context and define the company's vision and strategy clearly. This helps people understand the "why" of change, what it will look like when the company gets there and what the plan is for getting there. It's not so much about telling as it is about reaching agreement and moving forward together. For anyone who doubts the importance of this role, ask two people to each put together a 1,000-piece puzzle. Show one person what the puzzle should look like when it's completed. Withhold the picture of the completed puzzle from the other person. Guess who will complete the puzzle faster and more efficiently.

The second role is more operational: removing communication breakdowns that cause people and their organizations to underperform. Our traditional role as communication practitioners—sending out news and information—is output- and process-focused. This role focuses on outcomes and results. People need day-to-day information that guides their work. Mixed messages, slow-moving and inaccurate information—and sometimes the complete absence of information—cause confusion and guesswork. Neither contributes to high performance.

Pairing the overarching and operational roles adds measurable value to the enterprise because it increases the engagement needed to drive performance.

The 100 percent myth

Some business leaders think all of their employees should be engaged, so they set goals based on 100 percent engagement. This sounds good, and it might be a laudable goal. But most often it's a bad business practice.

Because engagement is not an end unto itself but rather a means to improved perfor-

about the author

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Bob Kula, senior director of corporate communication for ConAgra Foods, and his team discovered a disconnect between the organization's stated goals and the employee incentives for meeting them.

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mance, it's important to be clear about three closely related factors.

Specifically, what are the *performance targets* of the engagement effort? What numbers are you trying to improve: quality, service, cost, speed, productivity, safety, sales? In work we performed with FedEx Express, we set clear targets for increasing U.S. export volume in Los Angeles, and then followed with similar targets in five other cities.

What is the likely *cost* of hitting that performance target? Creating line-of-sight, involving people in the process, sharing accurate information rapidly, and rewarding and recognizing people requires time, energy and money.

Is the projected *return on the investment* acceptable? FedEx Express generated a 23 percent increase in sales by engaging people in its Los Angeles operation. That represented a 1,447 percent return. Extending the engagement effort to five more cities increased revenues by US$6.1 million and created a 1,660 percent return. For any engagement effort, the return must be acceptable.

As an example, let's say a call center has a 300 percent turnover rate. Turnover increases costs and affects quality and service. How much should the company invest to reduce turnover through increased engagement?

Engagement investments should be made until reducing turnover reaches a point of diminishing returns. It might be far less expensive to reduce the first 75 percent of turnover than it is to reduce the last 25 percent. Reducing all 300 percent might sound like a good idea, but it might necessitate spending money with no return.

Using engagement to improve quality and productivity

Bob Kula is senior director of corporate communication for ConAgra Foods, a US$11 billion consumer packaged-goods company. We worked with Kula to help reduce damage in the company's supply chain, specifically at its large distribution centers.

We gathered performance data before arriving on site, met with the distribution center's leadership team, conducted several focus groups with employees, and then met again with the leadership team to deliver our findings and our suggested course of action. The facility's safety record was perfect—zero injuries for the year. Productivity was high. But, although the data showed this facility had one of the best records in terms of quality, employees gave us a different story.

In two days of focus groups, employees told us that production was everything, that putting product in the truck trailers for shipment to stores was more important than putting undamaged product in the truck trailers.

"We say quality is important, but we bring people in who've never run a forklift, give them a day's training and expect them to be able to do quality work," a focus group participant told us. "But there's no way. They run into things, spear the product with the forks on the forklifts."

"They say quality is important," another said, "but they never ask us how to improve quality."

Kula and I told the company's leaders what we'd been hearing and laid out a plan to engage people in improving quality, safety and productivity as equal performance goals. Leadership responded that they would do whatever was needed to improve quality—as long as productivity didn't slip.

To start, we asked the facility manager how the incentives for the goals of productivity, safety and quality were weighted, to find out what the pay system communicated. "I'm embarrassed at what I found," she said. "Everyone in management has three goals: productivity; safety and quality. As far as incentive is concerned: 80 percent is on productivity; 10 percent on safety; 10 percent on quality."

This was the likely root cause of the problem. Though the distribution center said quality, safety and productivity were important, the pay system said productivity was paramount.

The solution was to make sure that everything that was said and done communicated that all three performance goals were equally important. This meant building business literacy, creating a direct line-of-sight between work and new scoreboards that emphasized the three performance goals. It included town hall meetings, better recruiting and training, a kaizen (the Japanese continuous improvement philosophy) event focused on improving the workspace, a new recognition effort, and an incentive to reward improvements in quality, safety and productivity equally.

After five months, engagement scores had increased dramatically and were focused squarely on three goals: quality, safety and productivity. Damage declined 65 percent, productivity improved by 16 percent, and the safety record remained perfect.

This is what engagement can do: Take a relatively well-run operation and make it better.

Increasing engagement around the right performance goals improves performance because engaging people requires an organization to focus on basic human needs—both those of customers and those of employees.

If the communication discipline has ever had an opportunity to demonstrate value, engaging people to higher performance levels is it. But it's not easy. This approach takes communication people out of their comfort zones—producing output—and into one focused on creating business value—outcomes.

So, regardless of market conditions, competitive organizations need to engage their people in a way that focuses on performance that matters to the enterprise. If your competitors aren't using this opportunity to engage people, it's all the more reason for you to do so. And if they are, you really have no choice unless you want to be moving backward. •