

The Ten Laws of Employee Engagement

Understanding What Drives Employee Behavior and Productivity



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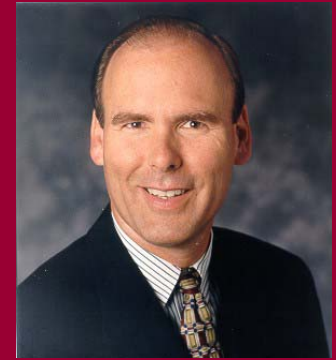
ENGAGIENT
BUILDING HIGH PERFORMANCE CULTURES

The Ten Laws

Law #1: Employee Engagement Is Linked to Discretionary Effort – Employees arrive at work every workday with discretionary effort that they can only volunteer – no employer can squeeze or force it out of them. Getting that discretionary effort from them has been shown to deliver double-digit increases in productivity and profitability, along with significant improvements in other key business value indicators. The key secret to improving employee engagement is understanding what triggers the release of discretionary effort.

Law #2: You Can't Manage What You Don't Measure – You have undoubtedly heard this phrase before, and nowhere is it more relevant than in the field of performance management (or *human capital management*, as it is also referred to). We bring lots of scientific and academic rigor to the table when we analyze our business, from financials to supply chain data, but when it comes to managing our employees, we deploy too little science and empirical evidence in the way we manage people. Much of what goes on in typical HR departments is focused on salary/benefits and (as required by law) on compliance. Very little of this work has anything to do with creating highly engaged employees.

The first step in changing this scenario is to actually measure engagement throughout the organization. Better still is to be able to report this critical data by division, location, manager and team. This then gives leadership a very clear picture of where the organization is hemorrhaging productivity (and profits) and why. Very targeted remedial actions can be directed to exactly those managers and teams where the greatest problem exists. No need to put every employee through “leadership” training when the biggest problem is shipping during the night shift. Fix only what’s broken, saving time and money by dedicating scarce resources to support those individuals most in need.



“Every employee comes to work every day with discretionary effort that he or she can only volunteer,” says Don Rheem, “and we now know how to measure that level of engagement – and, more important – how to improve it.”

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Law #3: Your Customer's Experience Hinges on Employee Engagement – It is impossible to have extraordinary levels of positive, loyalty-creating customer experiences if your employees are not highly engaged. Why? Because customer satisfaction, by itself, is not predictive of loyalty or repeat business. Research has shown that it is only when a customer's satisfaction is linked to a relationship at an emotional level – some point of connection with a strong emotional component (trust, self-image, connection) – that it delivers the kind of passionate commitment that every brand dreams of having. Nothing devastates the customer experience faster than disengaged employees serving up lukewarm commitment and lackluster service. When you look at truly passionate customers, there is always some point of human connection at an emotional level (either actual or felt) behind the passion. So if any part of your business proposition involves creating exceptional customer experiences, the best place to begin is with your staff.

Law #4: Employee Satisfaction Has Nothing to Do with Employee Engagement – That is not to say we are not interested in having higher levels of employee satisfaction. In fact, that is one of the most vital outcomes of increased workplace engagement. The problem is that so-called employee satisfaction is not a driver of engagement. You could have an entire office of highly “satisfied” employees, ecstatic over the fact that they are paid so much to do so little. Research has demonstrated that salary and benefits are not linked to productivity. The reality is that employees view salary and benefits as entitlements, not as inducements or motivators to release new levels of discretionary effort.



Increases in salary are often seen as a “catch-up effort” to what should have been paid months or even years earlier. Many of the employee engagement assessment tools commonly used today are heavily weighted toward satisfaction factors – implying that employer efforts to increase them will deliver business value. Sadly, this not the case.



Law #5: Increasing Employee Engagement Delivers the Highest ROI – Of all the things a company can

do to increase key business success indices such as the customer experience, productivity, retention, profits and safety targets, none deliver the kind of returns, per dollar spent, that efforts to increase employee engagement do. Data reported by Gallup, the Conference Board and other highly regarded research organizations around the world demonstrate a truly remarkable increase in business value correlated with engagement. While there are hundreds of things a company or organization can do to improve the bottom line, none are as cost-effective as creating a high performance organizational culture that nurtures, encourages and supports employee engagement.

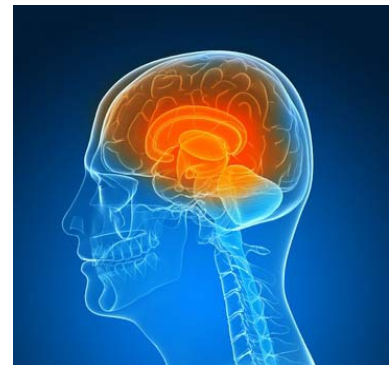
Law #6: People Drive the Numbers – We all know that numbers drive the business, whether profits, shareholder return or other key performance indicators. But for most organizations it’s the people who drive the numbers. It might be in customer

service, it might be in sales or shipping – the bottom line is that high performance cultures are completely dependent on engaged employees, and if there is even one department or workgroup underperforming, the entire organization suffers. You can Six Sigma all year long, but if the relationship environment is toxic, no process improvement will save your company from diminished performance.



Law #7: Behavior Drives People – People have a much more common “operating system” than most leadership teams realize. Recent research in the field of neuroscience has given us radically new insights into human behavior. Common needs drive our behavior, and the more leadership focuses on those needs, the closer they will be to understanding the drivers of employee engagement. The brain is very efficient and very focused, leaving no space or energy for pointless or chaotic behavior. All human behavior makes sense in context, and if we see actions we don’t understand, leadership should demonstrate more on the side of curiosity than of incredulity or admonishment. The behavior that leadership should be most focused on is the discretionary effort each employee brings to work every day, which he or she can only volunteer.

Law #8: Emotion Drives Behavior – We may come from very different cultural and ethnic backgrounds, but what divides us at an emotional level is fairly insignificant. While it is common in the business literature to see key words such as trust, respect, inspiration and collaboration in relation to what drives employee engagement, it is the universal emotional needs in each of us, just below the cognitive surface of intellectual understanding, that drive virtually everything we do as human beings. Today, more than at any time in human history, we have clear, empirically validated insights into what shapes and drives our emotions. The implications for employee engagement are critical to establishing cultural and leadership norms that are necessary for high performance, high engagement organizations.



Law #9: Leaders Must Convey Meaning That Connects with the Emotional Needs of Staff – When senior leaders and managers understand the value of addressing the emotional needs of their staff and have been shown the most effective ways to “connect” with them, the shift in engagement is almost immediate. Employees will have greater clarity on:

- Their specific team targets as well as on their personal roles, goals and priorities
- How their daily work fits into team and organizational goals
- The current status of goal achievement (vs. plan) for themselves, their team and the organization
- How much they are valued for the contribution they make
- Their career development goals and their plan to achieve them

Law #10: Corporate Culture Is Essential to Workplace Engagement – Whenever we work with companies, they are anxious to get our list of tactical steps to increase employee engagement to begin implementation. Unfortunately, tactical actions, no matter how many or in what combination, are not enough to create a truly sustainable high performance organization. Sustainable change and improvement can come only through sustained (consistent and repeated) behavioral norms that are congruent with organizational core values, mission and vision. The most efficient and effective way to do that is with organizational culture that serves as a constant guide and reminder of what is expected from every employee every minute of the day. Culture in an organization is built on two



primary sources: the stated core values, mission and vision (understood throughout the company) and, more important, the visible daily behavior of leadership (from the CEO down to the line supervisor). Plaques on the wall quickly become meaningless when the lofty goals and norms are not reinforced by leadership actions. What leadership actually does, how they behave, is far more illustrative than any other factor of what the cultural norms are. If you want know where most of the cynicism comes from in a company, look no further than the dissonance between what is stated and what is lived (demonstrated by leaders) and observed/experienced by staff. There is no list of engagement “solutions,” no matter how expertly crafted or deployed, that can overcome a company culture that is incongruent with those solutions (or nonexistent).

Law #11 (a Bonus!): Your Only Durable, Long-Term Competitive Advantage Is Your Employees – Here is one thing none of your competitors have – your staff. More specifically, how your staff performs, be it in establishing memorable customer relationships or in volunteering the levels of discretionary effort that deliver business value across the enterprise in a way that creates distinguishing competitive advantage. There may be a half-dozen companies in a 200-mile radius with similar products or service offerings, but you know that NONE of them share your staff. Increasing the level of employee engagement is like employing a stealth weapon against your competitors. They won’t see it coming, they won’t know exactly what you’ve done, but they will feel the pain as they lose customers and market share. Clueless, they will scramble, using all the old tools (cutting staff and expenses) while their numbers continue to decline.



About Engagient

Engagient originated 12 years ago in Toronto, Canada, to help companies improve their performance with thought-leading approaches to leadership. Formerly known as Peak Performance International, the company is dedicated to developing groundbreaking online employee engagement assessments plus simple pragmatic processes that create permanent high performance cultures. Engagient’s new High Performance Culture Assessment™ (HPCA) sets a new industry standard for research-driven, pragmatically actionable online diagnostic tools. Engagient’s consulting services guide leadership in understanding survey data related to workplace engagement and deploying custom solutions that deliver true business value.

