

Employees - The Rules of Engagement

David Drennan

Engaged employees can change the performance of any business. They no longer do an ordinary job, they put themselves about to do an extraordinary job. They take more interest, they put in more effort, they try harder, they are more enthusiastic, they co-operate more, they go the extra mile. Customers notice the difference, they find such companies a pleasure to deal with, they give them more of their business. Engaged employees are a phenomenon worth encouraging in any organization.

But engaged employees don't happen by accident. Management have to create the conditions that stimulate that kind of behaviour and commitment. When they do, not only does the business improve, employees enjoy the job more. They find it interesting to come to work every day, they know what they do is appreciated, they feel pride in the job, they find the work fulfilling. There is no single way of creating these conditions, but there are a number of factors which will help turn employees from mere attendees into active participants in your business.

Actionable company-wide goals

What makes people feel engaged in the same mission more than anything else is having a clear and common goal to which everyone can contribute. It is no accident that some of the most energetic commitment we ever see is on the football field. That's because *there is only one goal for the whole team*. That's what brings them together. Everyone knows exactly what they are trying to achieve, they all know they have different roles to play, but are willing to do whatever it takes to help each other achieve the right outcome. They don't care who scores, but when they do, the whole team jumps up and down and celebrates together. That's the kind of dynamic engagement we see in football, and there's no reason why we can't see some of that in business too.

Engagement in organizations starts with having company-wide goals which everyone in the business can understand, and that *everyone can do something about every day*. If your company announces its goal is to be 'market leader', many will think that is the job of the Sales and Marketing people, and does not apply to them. If you choose, say, return on investment or 'economic value added' as your principal goal, many who

don't understand believe somehow this has some mysterious benefit for senior management, and has nothing in it for them. That's when many switch off and decide they had better just forget all that and focus on doing their own job. That's where dis-engagement starts.

So, what do good 'engaging' goals look like? First of all, they are simple enough to be understandable to every person in the business without further explanation. One newly set up electronics company in the Midlands, mindful of this point, set two main goals for their business, namely : 'We will deliver zero defect product to the customer', and 'We will never miss a delivery date'. These were tough targets, but the whole business was organized around doing just that. First, they said, we will never accept impossible delivery dates, but our customers will be able to believe what we say without chasing. Second, we will not work, or pay for, overtime, we will use flexible hours to take care of production variations.

Interestingly, this company did not miss a delivery date for five consecutive years. When the workforce first succeeded in doing that for a whole year, their sense of pride and self-esteem was such that thereafter they simply would not allow themselves to fail. Of course there were problems and crises, but somehow they always found a way. And that's really where employee engagement needs to start, by giving everyone who works in the business a clear common purpose, which makes teamwork and co-operation the natural and obvious way to work.

Get Everyone Thinking 'Customer' Across The Business

People in the hotel and retail industries are well aware who their customers are because they meet them every day. Similarly, those in sales or marketing realize that it is only by pleasing paying customers with their product or service that they get to stay in a job. That daily human interaction makes the need to perform much more real.

However, many job-holders never see a 'customer'. They may have a job in the middle of a manufacturing plant, or in the office of some great insurance company, in the back office of some city business, or behind the scenes in some Council office. They think they don't have customers. But they do. Their customers are "*those who get the results of your work*". Everyone is doing a job *for someone*, and every job-holder needs to go through the process of listing who these 'someones' are. Then they need to *engage* with these customers to make sure that what they are delivering is indeed what their customer wants.

In many cases a job-holder's customers will be in other departments inside the same company rather than outside. We encourage them to pay them all a visit in turn, and ask them three key questions :

Question 1 : What do we do now which you appreciate and want us to continue?

It's important to start with this question. If you start with question 2, the visitor may well get a barrage of criticism and complaint which makes them never to want to repeat the experience. However, virtually always the 'customer' will list a series of good things that are already happening, and that early 'praise' for the visitor not only boosts their self-esteem, it makes them much more willing to listen to whatever criticism might be offered. That's when they can put the second question.

Question 2 : What could we do which would improve our service to you?

The visitor could well get a long list. But that's all right, it's important to listen without interruption. It's even better to be seen to be taking earnest notes. The only questions asked should be those seeking clarification of the customer's comments. At no time should the visitor start to loudly defend their current practices, otherwise the 'customer' is likely to shut up, tell them nothing more and treat the visit as a great waste of time. When they have said all they want to say is the time to ask the third question.

Question 3 : If we were to concentrate on just two of these items, which would be most important to you?

It is important not to promise too much initially, even if one is keen to do well for the customer. Failure at this first stage will just sour relationships. But success with the first commitments will show job-holders that they can do an even better job when they keep 'thinking customer'. Secondly, the initiative encourages the development of stronger relationships *across departments*. That in turn helps to streamline the cross-company processes on which so many companies depend to satisfy their end customers and clients.

Many job-holders think they already know what constitutes a 'quality job' in their own case. When they start visiting the people who get the results of their work - their customers - they soon realise that 'quality' is not what they say it is, it is what the customer says it is. That's invaluable education and engagement.

Engage Employees in Continuous Learning

A few years ago, one of the companies in the Unipart Group won the title of 'Best Factory in Britain'. Established only some five years before, that was no mean feat given the number of companies who enter for the title every year. The company had trained their people well, of course, but what they felt contributed to their success was the fact that built into every person's job was the requirement to nominate and achieve a new personal learning objective every six months.

This not only kept employees very much engaged with the company and its work, they began to take a real pride in their own development and achievements. One

employee told me : “I used to be a butcher before I came here, and I had stopped learning a long time ago. But I’ve changed now, it’s really interesting learning new things . . . and using them. We use computer data a lot, so I decided to do a computer course.” ‘How did that go?’, I asked. “I got 92%,” he said with some pride.

As I listened it was clear to me he had changed his opinion of himself. In the process of learning, his self-esteem had soared. He felt he could make much more of himself in that company than in any other place he had worked. And of course people will always want to come and work in a place which makes them feel good about themselves. That’s the kind of *emotional* engagement which will make employees want to do the best they can for their company.

Given all the personal learning objectives being proposed, Unipart soon found it difficult to meet all the training needs employees identified, and installed computer-based training to cope with the demand. Even that wasn’t enough. Eventually the company decided to convert the whole of the ground floor of their Head Office in Oxford into a huge learning centre which they named Unipart University. Outside speakers and trainers were brought in of course, but most of the courses are actually delivered by insiders, who have become not only job-holders but trainers too.

One company which has taken this notion even further is Quad Graphics in the United States. The company was founded by Harry Quadracci who was not only convinced of the value of continuing education, he wanted to “inspire every employee to be more than they ever hoped to be”. This is what new employees are told when they join the company :

“Each employee makes a commitment to accept our values and become a student/teacher. Our first task is to learn our jobs. Our second task is to know our jobs. Our third task is to improve our jobs - since only those doing a given job can determine how to do it better. And our fourth job is to teach our jobs to each other.”

At Quad they run the printing presses four days a week, but for one day every week everyone gets the opportunity to go to school at the Quad Education Division. One whole day of training every week. Managers take weeks off to design and deliver a course. Printing press workers do the same. Employees become both do-ers and trainers; as a result they get very strongly ‘engaged’ with the company and its work. Quad think it’s why they have won the title of ‘Best Printer in America’ seven years in a row.

Turn Employee Thinking on to Continuous Improvement

Bekaert, the €4 billion Belgian Group which manufactures steel wire and reinforcing material for tyres, has taken an interesting approach to getting their employees engaged in the company’s work. Karel Vinck, the Chief Executive, introduced the

principle of : “Machines are here to work. All the people are here to think.” When management applies that simple principle, he says, “the result is a revolution in behaviour, collaboration, motivation and creativity”.

But employees don't suddenly become great generators of ideas simply by declaring such a policy. It takes time and effort to educate them into the new role, and often they are not very good at it to start with. That's how Pioneer, the well-known Japanese audio electronics company found it. In their first year of requesting employees' ideas for improvement, they got less than one suggestion per year per employee. Worse than that, of the suggestions they did get, only some 34% were worth taking forward to implementation.

That would have put off most companies, but Pioneer stuck with it. Today it is different. Every employee is expected to come up with seven improvement ideas every month, and they do! Better than that, the company finds that more than 80% are good enough to be put into practice straight away. Now think of what that means. Let's assume conservatively that in their audio plant of some 1,000 employees, they only get an average of just five suggestions a month. 80% implementation actually means 4,000 improvements a month, or some *50,000 improvements a year!*

What Pioneer found at first was that their employees had never thought about what improvements could be made to the job, no-one had ever asked them, they thought that was management's job. What they acknowledge now is that there was this enormous unrealized potential right inside the walls of the building. They say now that one of the best things they ever did was to engage people's minds as well as their hands. It is a pool of brainpower and ideas inside every business just waiting to be used and developed.

Engage Employees Financially

John Lewis Group are one of the most admired retailers on the High Street according to customers, and their sister company Waitrose enjoys a very similar reputation among British grocers. Progressive policies and good management have a great deal to do with their success, but one of the important factors in the mix is the company's willingness to share their financial success every year with their 'Partners', as their employee-owners are called.

The company does its profit-sharing on an equitable basis i.e. the same percentage of pay for everyone depending on profitability, with ten weeks of year-end bonus being not uncommon. Price-checking executive Dave Suddock, a member of the company's Partnership Council, says his fellow councillors are "guys that drive trucks, people who work on check-outs and at the deli counter. Being a partner is a hugely motivating factor. You're not just an employee; you are an owner of the business. That makes you feel differently about everything."

Indeed, there is strong evidence that profit-sharing companies do better financially than companies who don't. A few years ago, researchers D Wallace Bell and Charles Hanson surveyed the performance of more than 400 UK publicly-quoted companies over an eight-year period in categories as widely different as building, chemicals, food, engineering, retailing, brewing, printing and textiles. Of these 113 had a profit-sharing scheme in place. Here is what their research revealed on six critical financial measures.

Profit-Sharing vs. Non-Profit-Sharing Companies

Average over eight years	Non-profit- sharing	Profit- sharing	% Difference
Return on sales (%)	5.6	8.4	50.0
Return on capital (%)	15.5	20.6	32.9
Earnings per share (p)	12.8	16.3	27.3
Annual sales growth (%)	13.7	15.5	13.1
Annual profit growth (%)	9.7	13.6	40.2
Total investor return (%)	18.0	24.8	37.8

Astonishingly, profit-sharing companies did better – substantially in some cases – *on every financial measure they used*. The lesson seems pretty clear : any commercial company keen to improve its financial performance should seriously consider having its employees share directly in its financial success. The numbers are just so compelling. Profit sharing gives management an obvious reason for talking to employees about the business, its profitability, its problems and its competition, and employees are much more eager to listen when they know they each have a financial stake in its success.

Bell and Hanson found that profit-sharing also had a positive effect on employee attitudes. Here are a few of the results from employee surveys they conducted in twelve different profit-sharing companies :

Statement	Agree	Disagree	Don't know
Profit-sharing creates a better atmosphere in the firm	65	19	16
It is good for the company and the employees	86	3	11
It makes people take a greater interest in profits and financial results	76	23	7
It strengthens people's loyalty to the firm	47	36	17
It makes people work more effectively so the firm can be more successful	51	34	15

As one Managing Director in the survey companies said : "It really is rather silly talking to employees about profit if they don't get any of it". Of course, employees have the habit at times of asking rather searching questions when they have a financial interest, but then that may well be no bad thing. The evidence is that profit-sharing not only promises consistently better financial performance for the business, but distinctly improved employee attitudes at the same time.

* * * * *

Willing employees are a benefit to any organization, but *engaged* employees go that bit further, they feel more committed to the business and its customers, they take unbidden initiatives to do things better, they find it a pleasure to go to work. And that performance-enhancing goodwill will be strongest when it comes from a number of sources, namely :

- when they understand the company's goals, *and what they can do to contribute to them every day*
- when they know just how to please their customers, whether inside or outside the business
- when they can take a pride in their increasing skills year by year
- when they see making continuous improvements as just part of the job
- when they can share in the financial success of their company.

David Drennan, formerly Special Professor of Management at Nottingham University, is Managing Director of Good People Management International.