

hemsleyfraser

...thinking beyond learning™

Engagement by Design™

White paper which reviews the subject of employee engagement and proposes a practical approach

*Wendy Brooks MSc, BA, FRSA
Director, Hemsley Fraser*

© Hemsley Fraser 2008





Contents

Engagement by Design™	4
The context	4
A working definition.....	4
Commitment and Engagement – what is the difference?	4
Employee Engagement – why now?	5
The Employee Engagement ‘Map’	8
Reflecting on surveys and benchmarks	15
Other factors which impact employee engagement.....	16
Employee branding	16
A reflection on the map so far	18
Engagement by Design™ – the basis for the approach.....	19
Correlation or cause?.....	19
The foundation for Engagement by Design™	19
Change or engagement?	21
Where to start?	21
Engagement by Design™ – every day	23
Reinforce and sustain through communicating results and story telling..	24
Working principles.....	25
Where will you see the differences?	26
Benefits of collating success against a framework	26
Summary of the role for HR/OD in Engagement by Design™	27
A summary of Engagement by Design™	27
Hemsley Fraser.....	28
References.....	29
Bibliography	30



Engagement by Design™

The context

There is considerable interest in employee engagement from organisations of all sizes and across diverse sectors. But, what is it? Can it be measured? What are the business benefits? How can employee engagement be lifted and improved?

This paper:

- Provides a working definition
- Explores the reasons why employee engagement seems to have become so important
- Presents an overview of the thinking, key trends and approaches, drawing particular parallels with developments in the field of customer experience
- Evaluates a survey, benchmarking and 'programme driven' approach to employee engagement and concludes that an alternative approach, based on the premise that employees cannot 'comply' with engagement or be 'driven' to be engaged. Even classic approaches to change management may not be the best way to raise employee engagement
- Proposes a practical way in which the HR and Organisational Development community can work to lift employee engagement in their own organisations – Engagement by Design™

The paper is intended for the HR/OD and L&D practitioner who wishes to get to grips with this large and diverse field, but most importantly, is looking for the practical ways in which they can work within their organisation to raise employee engagement.

A working definition

Employees are engaged when:

- They bring all their talent, energy and discretionary effort to bear to their every day decisions and actions

and

- They have a clear line of sight so that they understand how their work contributes to the direction and goals of their organisation

Commitment and Engagement – what is the difference?

Whilst commitment and engagement are sometimes used interchangeably, the general consensus seems to be that commitment is not enough – the real differences are seen when employees are fully engaged.



The difference

Committed employees are positive, want to do the right things, display high levels of energy and initiative,

but

commitment becomes engagement when it is fully harnessed and aligned with the overall goals and direction of the organisation.

The consensus in terms of use of the terminology is that what organisations are really seeking, therefore, is engagement – in the greatest possible numbers of their employees.

Employee Engagement – why now?

The quest for competitive advantage

Since the advent of mass production, which requires access to mass markets, organisations have searched for sources of competitive advantage. Kotler¹ described the transition from production led, through sales led, to marketing led organisations. The ultimate goal for Kotler was marketing led organisations, which really understand customer segments, consumer psychology and buying behaviour and adopt a planned approach to the marketing mix, thereby maximising differentiation and competitive advantage.

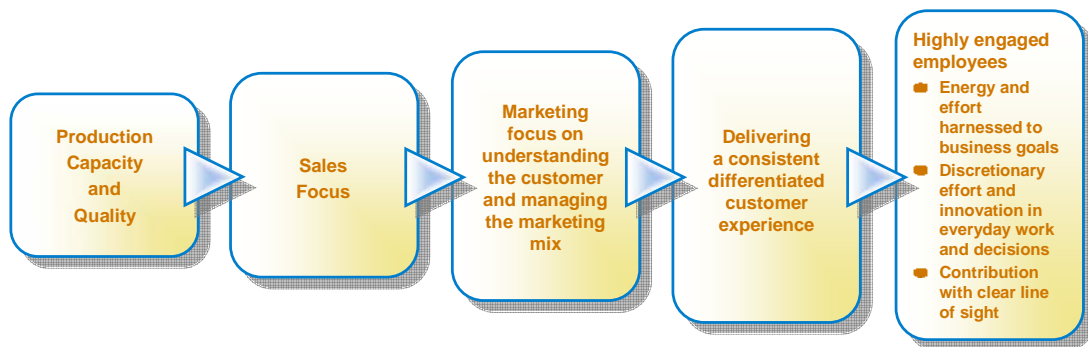
However, we are seeing a very different landscape today, requiring greater precision and sophistication in understanding customers whose expectations are constantly evolving and which are influenced by global and cross sector developments. Where once leading edge technology and the ability to innovate would have been a differentiator, today's scenario means that in all sectors, technologies are converging and product life cycles are becoming shorter.

A more recent development, therefore, has been to develop differentiation through the customer experience – going beyond the brand – to the entire experience that the customer has, through every interaction with the organisation. The thinking is that organisations need to be intentional in designing the experience that they deliver to customers, focusing first on delivering consistency as the foundation for moving towards a differentiated and valuable experience for customers. The concept is that a differentiated customer experience is a key driver of loyalty (with all the consequential benefits of lower costs of customer retention and customers who recommend to others). Shaun Smith's book 'Managing the Customer Experience'² describes a triangular relationship between marketing, operations and HR as being central to the design and delivery of the customer experience. This goes beyond the thinking of the marketing mix to an integrated, cross functional focus on the customer experience, with everyone, ultimately, having a line of sight to how their work and day to day decisions affect customers.

In order to deliver to customers, leading edge organisations are extending their thinking to an even more integrated view of the range of stakeholder groups with which they interact, including those which are external to their organisation. Good quality relationships with suppliers, approaches to partnering and joint ventures have become increasingly important as a means to long term competitive advantage.

Against this backdrop, both for profit and not-for-profit organisations are realising that the relationship that they form with their employees is of central importance and indeed, that the success of many other business strategies is founded on being able to recruit and retain the very best quality employees. McKinsey's³ highly influential work on the 'War for Talent' signalled the importance of being able to attract high quality, 'talented' employees. However, the thinking today focuses much more on an inclusive view of 'talent' as being the potential of every employee to contribute and 'be the best they can be'. From an organisational perspective, the goal is to create the conditions which release and harness that talent – in others words, to create engagement amongst large numbers of employees.

In summary, we can trace a 'road map', where organisations are constantly seeking sources of differentiation and competitive advantage. This roadmap leads us to the importance of employee engagement today.



The employee perspective – 'what matters to me'

A number of factors are changing the whole nature of work, so the answer as to what matters to employees today is very different from even ten years ago.

The impact of technology enables people to work remotely, in global and virtual teams. A by-product of technology is the ability to be home based (BT, for example, has actively promoted and supported home based working). So people can be fully employed, yet not physically located in a corporate place of work. This of itself changes the nature of interactions and affects how people are engaged. The additional impact of global and virtual teams, possibly within the context of a matrix organisation, changes the way in which work groups affect motivation. The groups themselves may never meet face to face and additionally, are temporary and project driven, as opposed to being long term and stable. Therefore, important engagement factors, such as the people whom I work

and my day to day relationship with my manager play out very differently in such a working environment.

However, the biggest impact on how people are engaged comes from the way in which employee expectations have risen and become more specifically individual – in fact, they have mirrored the way in which customer expectations have both risen and become more segmented. There are many socio-economic factors which have contributed to this; for example, greater recognition of the need for women to work flexibly to accommodate family commitments or increasing numbers of people who take career breaks or develop second or third careers during their lives, with flexible approaches to retirement. In short, the range and interaction of the factors which impact engagement have become more complex.

Such factors operate at different levels of importance and priority from one individual to another, as well as change in significance during the working life of an individual. People, especially those in highly leveraged, knowledge based work, have the opportunity to make many more choices during their working lives. This in turn, creates greater challenge for employers who wish to benefit from high levels of engagement from their employees. Even those for whom the choice is less obvious can make subtle choices – for example, conveying a complete lack of interest in a customer, being unwilling to expend any more than the most basic efforts to assist colleagues or handover work to another team to enable them to be more efficient.

Consumer marketing has made great strides in tracking and understanding ‘micro trends’ within markets and being able to respond through ‘mass customisation’ approaches to many service and product offerings. Employers likewise are becoming more attuned to the idea that the ‘one size fits all’ approach to employment packages may not be the best way to retain and harness talent and the more forward thinking organisations are offering a flexible ‘menu’ of employment components.

A final, and possibly increasingly important dimension to engagement hinges around some less tangible factors. These appear in statements such as the following, which appear in some guise in employee engagement surveys:

- ‘I want to feel that my work is meaningful – to feel I am making a difference’
- ‘Having a best friend at work is important to me’
- ‘I need to feel that my individual values are aligned with the values of the organisation’

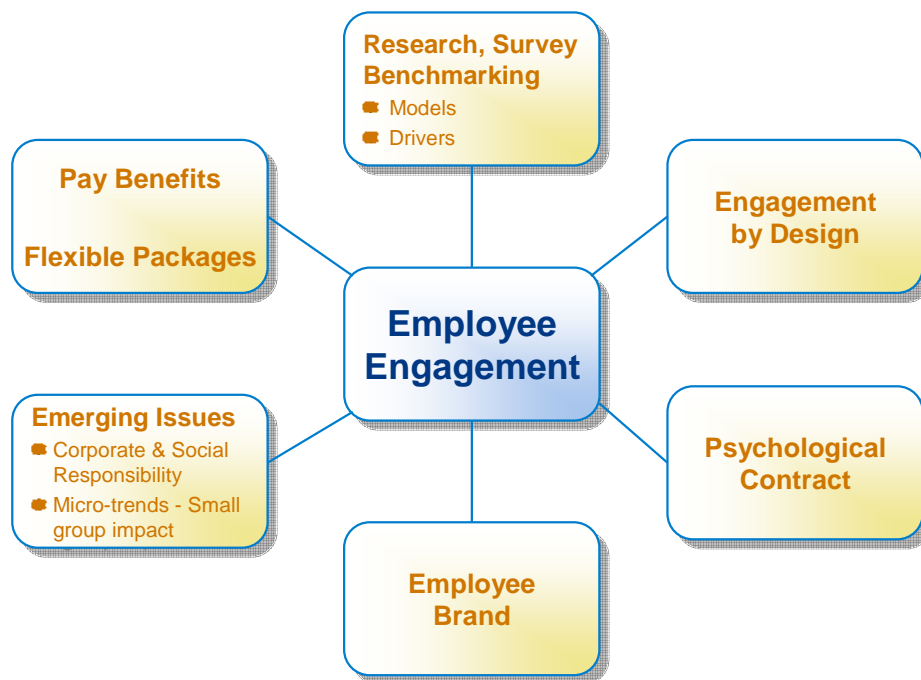
There is something about the ‘spiritual and emotional’ aspects of work which link to commitment. Richard Whiteley’s book, ‘Love the Work You’re With’⁴ explores the way in which these factors influence engagement, with an open acknowledgement that engaging emotions at work is very important⁵. Shaun Smith’s ‘See, Feel, Think, Do – the Power of Instinct in Business’ makes powerful points about the importance and validity of feelings, which relate not just to customers, but also the way that employees feel about their work.

So, the picture here is that employee engagement is a multi-faceted issue in today’s world. It has parallels with the way in which customer expectations are rising and evolving with ever increasing speed. This is not surprising, perhaps, given that employees of one organisation are customers of another!

The Employee Engagement 'Map'

Both the study and the practice of 'employee engagement' is still relatively young. However, as with any emerging field, especially one where there are commercial opportunities, there are numerous sources of expertise. The question for the HR/OD or learning & development practitioner is form a quick picture of the main influences on employee engagement. The diagram below shows a 'map' of some of these influences and organisations working in the field.

The Engagement 'Map'



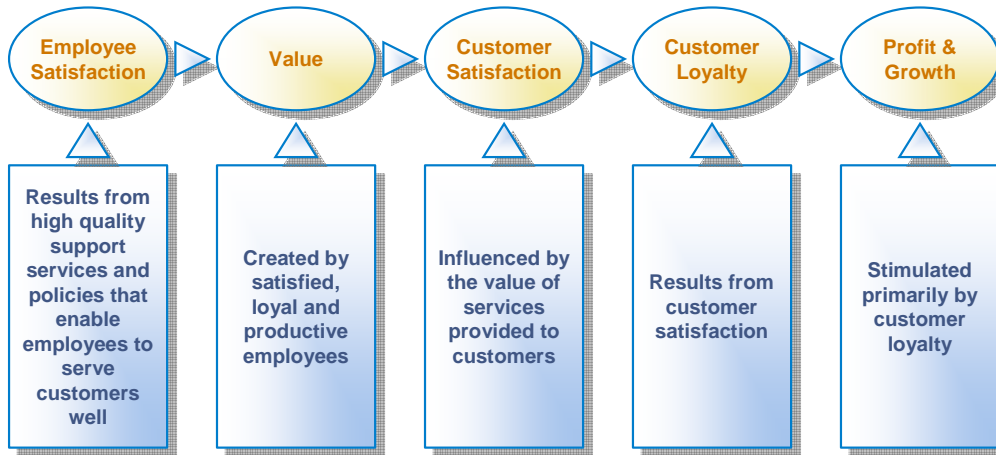
Research, Surveys and Benchmarks

If raising employee engagement has business benefits, there is a clear interest in understanding the business case, together with developing models which describe the drivers of employee engagement. An influential early study in this field was the work on the service/profit chain, first published in 1994⁶. This was important work in making the overt link between employee satisfaction (the term used in the Harvard paper) and customer loyalty, which leads to profitable growth.

Service Profit Chain

Linking Employees and Customers

Leveraging Your Corporate Performance

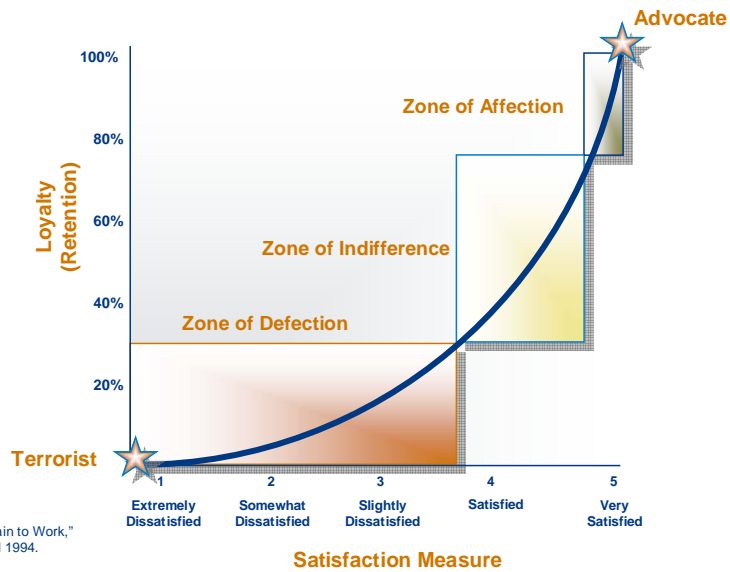


Source: "Putting the Service Profit Chain to Work,"
Harvard Business Review, March/April 1994.

The argument is that only **totally** satisfied customers remain loyal and that any customer who is merely satisfied should be considered at risk.

Customer Loyalty and Advocacy

Research indicates that only **totally** satisfied clients (advocates) will remain loyal



Source: "Putting the Service Profit Chain to Work,"
Harvard Business Review, March/April 1994.

Not only are highly engaged employees crucial to impacting customer loyalty, there is an interesting parallel for organisations who measure employee 'satisfaction'. Only those employees, who give 'top box scores' in terms of their satisfaction can be considered truly loyal and being at little risk of leaving or enticed away by competitors. Just as the costs of acquiring customers are higher than those of customer retention, similarly, the costs of recruitment and induction of new employees are typically higher than those of retaining and developing existing employees. This is especially true when considering the collateral impact of turnover of employees on, for example, in maintaining continuity of customer relationships. How many of us stay loyal to our bank or building society, once we have got to know a particularly helpful individual – but find that our relationship becomes transactional and fragile once that person moves on?

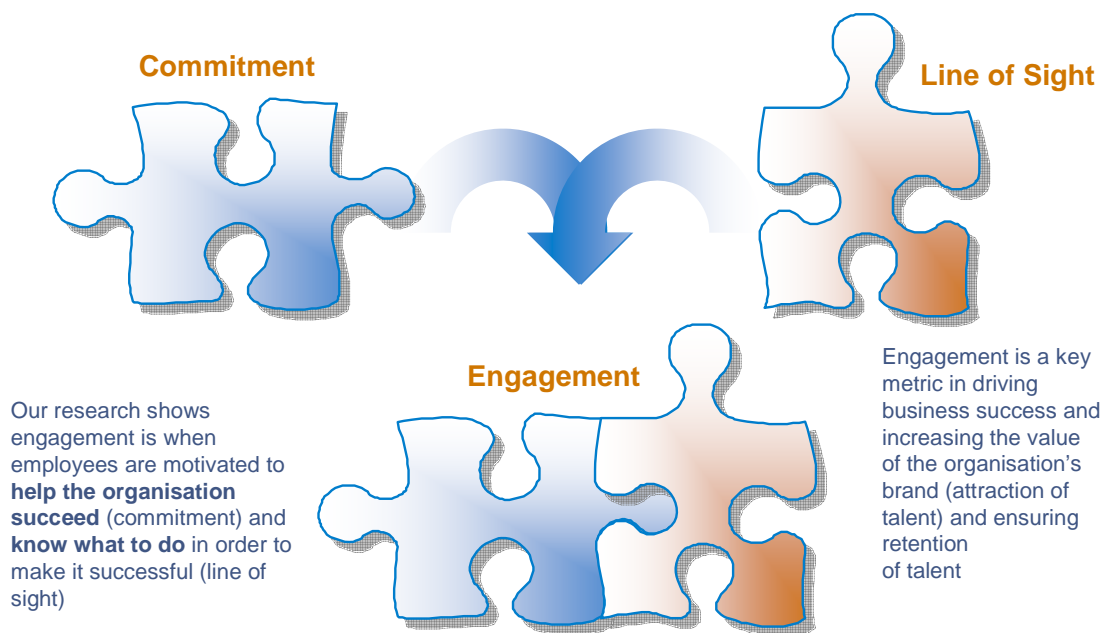
The service/profit chain was a landmark therefore in describing the link between employee satisfaction and customer loyalty (and hence, supporting the business case), but it did not go into detail about **what** are the most important factors in creating high levels of employee satisfaction.

Other organisations, both academic and commercial have conducted in-depth work on the drivers of employee engagement.



Watson Wyatt's study, Work USA, 2000⁷ was an extensive global measurement of employee attitudes, covering Europe, the US, Canada and Asia Pacific). This linked employee engagement to financial performance, in particular, to Total Shareholder Return. It concluded that commitment is not enough and that engagement comes when employees are not only committed, but know what actions to take in order to achieve success (i.e. reinforcing the view that commitment becomes engagement when it is harnessed and directed). Watson Wyatt call this the 'line of sight'. The principles of the Watson Wyatt view of engagement are summarised below:

Employee Engagement: The Two Truths We Know (source: Watson Wyatt)



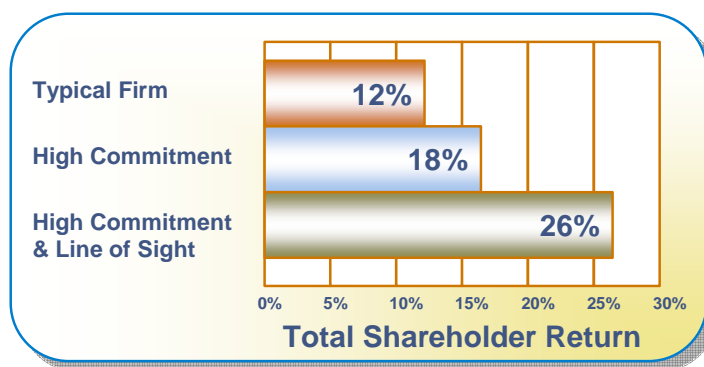
Watson Wyatt's work goes on to draw the link between employee engagement and financial performance.

Commitment...Engagement...Financial Success (source: Watson Wyatt)

Commitment is not enough, employees must be motivated and know what actions to take in order to achieve success

While financially successful firms may create engagement, **ENGAGEMENT** is much more likely to create financially successful firms

Companies with employees that have **HIGH COMMITMENT** and **HIGH LINE OF SIGHT** have **TSR** more than **100% HIGHER** than the typical* firm



Companies with significantly higher levels of engagement can expect subsequent market premium* to be **1.5%** greater than it would otherwise

They also draw out the link between employee engagement and productivity.

Employee Engagement: Bottom-line Impact (source: Watson Wyatt)

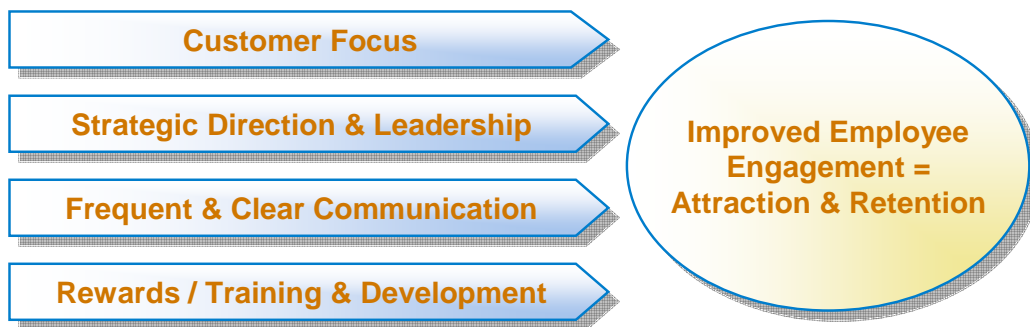
Companies with HIGH employee engagement see SIGNIFICANTLY BETTER financial results and productivity than companies with low employee engagement

	1-yr TSR	Market Premium	Productivity*
HIGH Engagement	24.1%	6.8%	484
LOW Engagement	14.6%	- 8.8%	328

Finally, the Work USA study goes on to define the drivers of the employee engagement.

Driving Engagement (source: Watson Wyatt)

What can an organisation do to ENHANCE employee engagement



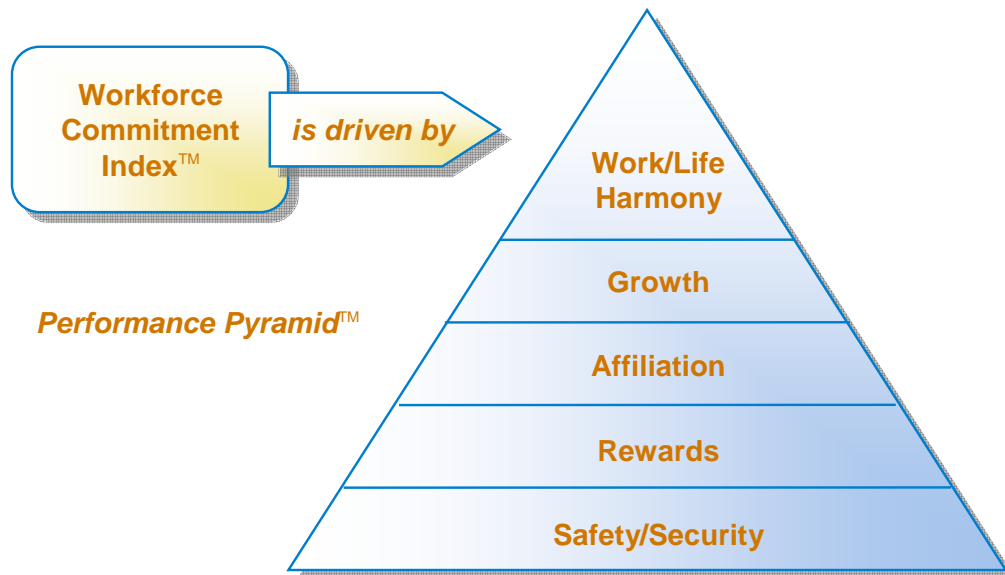
Of interest is the paramount importance of customer focus – another take on the Harvard work on the service profit chain.

The value of this study is its scale and global comparisons, together with its clear and robust modelling of the business case. For the individual HR/OD or L&D specialist who is considering how to get the attention of their own organisation and its senior leaders, it can provide a useful backdrop of external benchmarks and data. Even more importantly, it is a prompt to look at their organisation's customer data and consider any interpretative links which can be made to employee engagement, especially around the areas of leadership, communication and learning which equips people to perform (i.e. follow through the Watson Wyatt model and test for linkages within their own organisations).

This work fits into the category of business case and organisational drivers of employee engagement.

A different approach to the organisational perspective can be seen at **Aon**, which claims to be the first organisation to investigate employee commitment in the US and around the world. They developed the 'Workforce Commitment Index'™ - which looks to be based on Maslow's Hierarchy of Needs. It uses six behavioural questions and reflects the core expertise and heritage of Aon in the insurance, benefits and rewards space. Given their size and global coverage, it demonstrates an approach to a particular dimension of employee commitment (in their terms), which is founded on their core expertise.

The @Work Research Model (source: Aon)



Gallup's approach to employee engagement again reflects their heritage of surveys which are based on extensive modelling, leading to a definition of the factors which 'reduce variations in performance across organisational units'. They call this the 'human side of the Human Sigma Equation', which is the basis of their Q12™ survey. The underlying database (which is updated and validated by the cross sector and international use of the survey) links engagement to business outcomes, such as retention, productivity, profitability and customer engagement.

The Gallup approach is helpful for those organisations who wish to base their approach to employee engagement on a metric based framework and to be able to track and communicate results on this way. A major UK retailer who adopted this approach identified that the cost of their 'disengaged' employees was some £120m per annum. In fact, they were paying millions to employees who were, in their terms, destroying value. They were also able to quantify the link between employee engagement, customer satisfaction and LFL (like for like) sales.

Over a period of time, a programme designed by their OD team led to a measurable enhancement in employee engagement. It also demonstrated the theory and model in action, in that it was followed by a lift in customer satisfaction and consequential improvements in LFL sales. The headline measure was that the organisation could report that some £85m of resources were now working for the organisation, not against it.

In this case, the Gallup framework of the Q12™ survey provided the baseline measures and insight into the business case. The programme to raise engagement was to some

extent, based around improving those measures – which enabled the organisation to report success in lifting employee engagement.

A study by **Towers Perrin** (October 2007) reveals that only 14% of UK workers are willing to 'go the extra mile'. The study is based on a three part model 'Think, Feel and Act', which quantifies employees' rational, emotional and motivational connections to their organisations and their jobs. The study (which is part of the Towers Perrin's Global Workforce Study) makes the link between engagement and employee performance. The study found that companies with the highest levels of employee engagement achieve better financial results and are more successful in retaining their 'most valued' employees than those with lower levels of engagement. Amongst the key insights from the study, Towers Perrin makes the point that **'companies need to understand their employees as well as they understand their customers to design a work environment and experience that will drive higher engagement and performance'**.

There are a number of case studies which use a measurement framework to create baseline data, design a programme of work and report on its success. The **O2** case study is good example⁸. They used a framework developed by Institute of Employment (the IES Engagement Measure). The results of the survey based on this framework led to a review of the O2 engagement programme. O2 was pleased to find that leaders who performed well against their framework of leadership capability, especially 'Building Capability' and 'Leading our People' performed well against the IES benchmarks.

Similarly, **W H Smith Travel**⁹ based their programme of work around OPP's psychological framework. The focus was on understanding the culture of the organisation and the state of employee engagement was analysed and presented, using a neutral third party framework. They felt that the OPP framework would give a sound basis for understanding differences between individual perspectives.

Reflecting on surveys and benchmarks

Watson Wyatt, Aon, Gallup and Towers Perrin are global organisations, which, in line with their heritage and core expertise, present insights about employee engagement. They offer benchmarks and measures, derived from research based models. A programme of work to raise employee engagement, based on findings from such surveys needs, therefore, to be aligned with them in order to support consistency of reporting and tracking progress.

The key point here is that there are a number of models and measures, which can be adopted. For organisations that wish to be able to report progress on employee engagement in these terms, it makes sense to choose one that is robust, cross sector and well validated.

However, are there other ways to approach the challenge of raising employee engagement and communicating its benefits? We shall return to this issue later in the paper.



Other factors which impact employee engagement

To complete the discussion of the factors we identified in our 'map', we will review:

- Approaches to employee branding
- The psychological contract
- Emerging issues, such as corporate and social responsibility and the use of micro-trends

Employee branding

Interest in employee branding mirrors the focus on customer branding. The underlying premise is that employees are likely to be more committed, if not engaged, if every touch and interaction that they have with their employer is deliberately designed to be differentiated and valuable. For this to be truly effective, the employee brand needs to be synergistic with the customer brand and needs to be delivered flawlessly – which takes some doing! However, it does lead to a focus, primarily from HR, on the 'moments of truth' for an employee during their life with the organisation. By mapping the key interactions (from initial interview, recruitment and induction, performance reviews, opportunities for development and career progression), it leads to a systematic picture of the baseline expectations (being the minimum level of performance to avoid disengagement and turnover) to the opportunities for differentiation (i.e. the times when the employee, like the customer, can be 'delighted').

The concept of employee branding is a powerful one – however, implementation is more challenging, since it spans so many functions and potential interactions. At the very least, HR, Learning & Development and the Line play key roles and the issue then becomes one of ownership and measurement. With the customer experience, the immediate point of contact is the real embodiment of the brand during a key interaction between the organisation and the customer. It can also be that the most powerful manifestation of the employee brand in action is the interaction with the line manager.

The thinking behind employee branding is that only employees who give 'top box scores' are loyal, not at risk and by implication, the most productive. However, many organisations struggle to deliver a consistent and differentiated experience to the customers (even with a powerful business case for the benefits), so it is hardly surprising the reality of delivering employee branding is even more challenging!

The Psychological Contract

There is a close link between the employee brand and the psychological contract. The term first appeared in the 1960's but gained in use during the economic downturn of the early 1990's. A recent book 'Understanding Psychological Contracts at Work'¹⁰ provides an up to date review of the current state of theory and practice concerning psychological contracts.

In simple terms, the psychological contract is a description of those aspects of the relationship between employer and employee which go beyond the formal contract. It is



about mutual expectations and 'promises'. Organisations may seek to make this more explicit in 'the employee proposition' – again, emphasising the experience that employees will have when working for an organisation.

The symptoms of a breakdown of the psychological contract are clear; they relate to core issues of trust, integrity and communication.

Interest in the psychological contract seems to centre around the need for security, the need for confidence and trust and leaders and even when messages are difficult, the sense that leaders are 'telling the truth'. It is not a complete description of the relationship between employer and employee – but it is a helpful prompt to managers and leaders to think carefully about 'moments of truth', when trust can either be reinforced, or broken beyond repair.

An interesting parallel again is between the customer as advocate versus the complaining customer. The advocate will even tolerate the odd error or poor experience – provided it is handled in a way which reinforces their overall 'trust' in the brand and the organisation. By comparison, the complaining customer will tell approximately three times as many people as the satisfied customer. Employees and customers are the same human beings!

Emerging issues

- The increasing importance of **corporate and social responsibility** is obvious. Ipsos MORI's paper 'Engaging Employees through Corporate Responsibility' November 2006, reports that 86% of British workers believe it is important that their own employer is responsible to society and the environment, with over half (55%) feeling it is 'very important'. There is a suggestion that a new breed of employee is placing ethical issues above financial incentives, when choosing their employer. There may be a number of factors at work here; are organisations that are seen to be highly responsible also benefiting from a 'halo effect' around such issues as the psychological contract, the employee brand and indeed, a view about the quality of their operations overall? The attention to CSR as an overt part of the employee proposition is part of a broader trend towards corporate statements, which seek to tap into people's feelings and emotions about their work – it becomes another way of creating a corporate personality with which people can identify and feel engaged. The key message here is that if your organisation has a serious and well developed CSR, then you should ensure that the benefits are tracked through to become an explicit part of the employee proposition.
- The use of **micro-trends** in attracting the 'right' employees is an interesting emerging issue. Again, there are parallels with the field of customer segmentation and behaviour. Whilst much of employee engagement focuses on the benefits of retention and releasing potential, there is an important foundation which is about attracting the 'right' employees in the first place. The basis of work on the customer experience is that it focuses on the most profitable and valuable customers and, by being deliberate in the attraction and retention of such customers, organisations derive numerous benefits. The models and data which underpin understanding of customers are becoming ever more sophisticated – the same approach can be applied to attracting



employees who are a precise fit with the organisation, its values and objectives – with all the consequential benefits of faster induction, speed to productivity and retention. In simple terms, the first step towards engagement is a highly precise fit between employer and employee.

A reflection on the map so far

We have worked round the 'map', with commentary on the key influences on employee engagement, together with a selected overview of the organisations which are active, offering a range of surveys, benchmarks and approaches to 'programmes' to raise employee engagement.

However, is raising employee engagement much the same as other approaches to change management and culture change? Are there any differences? The remainder of this paper poses an alternative view, 'Engagement by Design™'.



Engagement by Design™ – the basis for the approach

Correlation or cause?

Surveys are typically based on the premise that employee engagement is an important determinant of organisational performance. However, it could equally be true that a high performing organisation causes positive attitudes – or conversely, how long will employees remain engaged with a poorly performing organisation. Robust academic analysis ('Which comes first: Employee Attitudes or Organizational, Financial and Market Performance')¹¹ has shown that high performance causes positive attitudes to a greater extent than positive attitudes cause high performance. Engagement is more about correlation than cause and this in turn, shifts the focus from measuring levels of engagement to taking actions which are relevant to those who experience them – in other words, **Engagement by Design™**.

The foundation for Engagement by Design™

There are two key truths at the centre of employee engagement:

First

- It is about an individual invitation to employees – each of whom will get there in their own time as individuals

and

- 'Strategy and vision' is an essential framework for meaningful engagement (as opposed to unfocused commitment)

Second

Organisations are made up of 100's and 1000's of individuals each of which has a contribution to make and the potential to 'be the best they can be'.

Engagement by Design™ is about building that bridge through an individual invitation and at the same time, managing the tension every day between the imperative of the strategic framework of the organisation and releasing individuals to 'be the best they can be'.

There is considerable agreement about the factors which most affects engagement. Different words are used in various models and surveys, but they add up to the list below:

Engagement is most impacted by:

- Senior leaders
- Supervisors/immediate managers
- Belief in the organisation's direction
- Involvement in company policies and direction



- People centric culture
- Communications
- Influence over my role/job
- Understanding of strategy
- Opportunities for career advancement
- Company values which reflect personal values

However, these factors fall into two broad categories:

- Engagement with the organisation
- Engagement with role

This distinction can be helpful, because it recognises that the balance of these two can vary between individuals. In fact, individuals can be highly engaged with the one, have little interest or engagement with the other – yet still be highly effective and productive. Engagement with neither is the warning sign!

The subdivision of these factors into where the influence is most felt is as follows:

Engagement with the organisation	Engagement with role
Senior leaders	Supervisors and immediate managers
Belief in the organisation's direction	Involvement in company policies and direction
People centric culture	Communication (as the individual experiences it)
Understanding of strategy	Influence over my role and job
Company values which reflect individual values	Opportunities for career development

This distinction can also be helpful in large, complex and dispersed organisations, where it is easier to engage employees with their role day to day than for them to have a really clear sense of engagement with an organisation, which may be remote or unreal to them.

Applying this to Engagement by Design™ leads to the following considerations:

- In considering what is working well and not so well in the organisation today, where is the balance between engagement with the organisation and engagement with role? This can lead to a prioritisation of actions which are most meaningful to those that experience them
- Looking at the nature of the organisation (size, complexity, working methods), where is it most feasible to make the biggest impact fastest? The answer to this for an owner managed business in one location will be very different from a global corporation with a long history of acquisition

Remember that this is about balance, rather than achieving equal levels of engagement with role and organisation. The concept of balance helps to prioritise decisions and actions.



Change or engagement?

There are clearly times in an organisation when a 'change management programme' is appropriate; post merger or acquisition creates an imperative for a managed programme of integration; the introduction of an organisation-wide working system, such as SAP requires rapid implementation and compliance. In this context, it is worth considering the differences between change management and employee engagement. Based on Kotter's change framework¹² the contrasts are interesting:

Change Versus Engagement

Change

- Sense of urgency
- Powerful guiding coalition
- Create and communicate the vision
- Cascade to create consistency
- Define the business case and measurement strategy
- Institutionalise new approaches

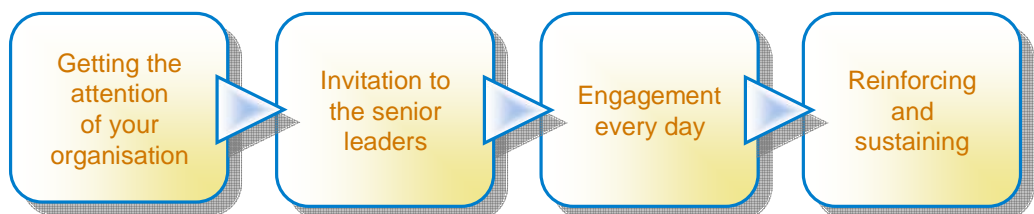
Engagement

- Each employee in their own time
- Go anywhere in the organisation which has the energy – turns hierarchy upside down
- Share the vision – but empower others to interpret and apply
- Allow local teams to work at their own pace
- Measures come through success stories, others wanting to share best practice
- New approaches are fluid, dynamic and constantly changing

If these contrasts hold true, then it follows that the methodologies are likely to be different as well.

Where to start?

Engagement by Design™ is based on a 4 step process:



Getting the attention of your organisation

There are two key considerations here:

- The use of benchmarks and surveys described at the outset of this paper is suitable for organisations which are highly data driven and who may wish to publish progress against externally validated benchmarks. Indeed, they may publish and communicate results for all their operations in a similar way.

However, it is worth considering the 'health warning' that raising employee engagement could entail deliberately breaking with that approach. In fact, employees may already have the view that when things are not going so well or need to be improved, the first thing that the organisation has typically done is introduce another measure and instituted a corporate programme to 'drive' towards improved performance

- A second approach is to deliberately work with leaders, groups and functions to raise engagement through the very process of doing things differently. This means considering normal working patterns and methods, including the metrics which are part of normal business, and creating the opportunities for people to re-shape and create their own change. The people doing the work can often have the best ideas on what can change and improve – releasing that talent and contribution is one of the most powerful ways to raise 'engagement with role' as well as delivering collateral benefits. HR/OD's role in communicating the results is a key way to gain the attention of the organisation.

This is not to say that benchmarks and surveys are without value. **The key point is to consider what you want to achieve and how you want to report and communicate results.**

Invitation to senior leaders

The approach to senior leaders needs to be tailored in the same way as working with small groups or individual employees. It really pays to understand them as individuals. For example, some will be highly data driven, either from within their own organisation or by external data. Other leaders are more intuitive in their response 'I know it makes sense'. Similarly, for some an 'engaging' style of leadership comes naturally; whereas for others, whilst they may wish to, it is more of a challenge.

In simple terms, senior leaders do not 'comply' any more than employees when it comes to engagement, so the authentic and appropriate 'invitation' matters.

In contrast with the need for an aligned coalition (as described by Kotter), progress can be made without **all** senior leaders being in the same place. No senior level support is a major stumbling block, however!

The actual work with senior leaders can be on a one to one basis (which will be more effective if there is disparity between them). However, there is value, if possible, in having them together for a working session to create alignment about how they can support their managers and teams to raise engagement.

The specific challenge to senior leaders

Really working to engage employees poses some specific challenges for leaders and it is worth emphasising these. One of the most damaging things to happen would be to start down this path and then find leaders retreating, because they do not like what they see or are not prepared to take the 'risk'. Think back to the tension at the heart of employee engagement – the essential importance of the strategic framework, yet engagement meaning that you **really** want to release the energy, talent and indeed, tap into the aspirations of 100's or 1000's of people to 'be the best they can be'. This could produce some unexpected results! So, this means addressing the following issues up front with senior leaders:

- ▢ Do you believe your people can 'be the best they can be?'
Do you show them you believe?
- ▢ Do you support your people?
How do you show that support?
- ▢ Do you listen to them?
Do you show you listen to them and act on what they say?
- ▢ Do your people know what you care about?
Does your passion rub off on them?
- ▢ Are **you**, as a leader, the best you can be? Do your people believe that you are worthy of their engagement?

Engagement by Design™ – every day

Some key principles:

- ▢ Understand the organisation's teams and working groups – how do they work and communicate every day? This will help to identify the opportunities to engage and harness their potential. This could take the form of workplace huddles which:
 - ▢ Focus in daily performance
 - ▢ Ensure clarity of communication – ensuring that the manager plays a critical role of interpretation of organisational communication
 - ▢ Provide a daily demonstration from the manager of the commitment to listen and act



Every day support from HR/OD and L&D

Evaluate the interactions between teams and their immediate manager – how does this work? This is about both style and working methods. At this point, the HR/OD advisor can think about the amount of change or level of support that an individual manager may need

Create an 'engagement toolkit' which is flexible for managers – some will need very little support – some a great deal more (see next section on working principles for examples of the kinds of tools that managers will need). The important point here is to concentrate on actions which are within sphere of influence of the team and the immediate manager.

Focus on the relationship between the vision and the strategy of the organisation and how teams/small groups can actually make a difference – turn this into opportunities for them to 'shape their world'. The link with senior leaders is critical here – assuming that the support is there, one of the first manifestations is the reaction when employees want to reshape or reorganise. The way in which senior leaders as well as their direct manager responds is critical. This does not have to be about an unqualified 'yes' – but full engagement and authentic communication is critical. This is a 'moment of truth' where HR/OD can play an important advisory role. What if the team recommends changing shift patterns? A process change to dealing with customer complaints? The reaction of managers and leaders is critical.

Reinforce and sustain through communicating results and story telling

HR and OD can play a highly influential role in collating and communicating the stories. An organisation that tells stories about legendary customer service delivered by its employees has one of the most powerful indicators of engaged employees – without needing to measure engagement per se!

Imagine what it means to an organisation to be able to say:

- We have made 200 process improvements
- 56 major cost savings
- We have 29 major initiatives under way to increase our capacity to meet customer orders....

All because we trusted our employees' advice and acted on it. This is not apocryphal – it is the actual story of an organisation!

The important point here is that HR and OD can play a key role in collating and communicating the results and the stories. In fact, they are the best placed function to facilitate this across an organisation.



Working principles

- **Who does the 'designing?'** This is an area where HR and OD are likely to take the lead, with support from Learning & Development. They can play a unique interfacing role in understanding and interpreting what is happening in the organisation, especially around commercial, operational and customer issues and making the link to people. A proactive and strategic HR/OD team can be the first to see the leading indicators' which suggest that levels of employee engagement are either inconsistent or showing worrying trends.
- **A practical approach.** Unlike change management programmes, there are some practical approaches to employee engagement, which HR and OD can adopt:
 - Working towards higher levels of engagement is most effective with **small teams and individuals**. This also makes for a more flexible, responsive approach than waiting for **all** senior leaders to 'get on board' as a 'guiding coalition'
 - **Engagement with senior leaders** is important – however, they are individuals as well, so considering carefully how to extend an individual invitation to them is important. However, raising employee engagement does not have to include all senior leaders or wait for unilateral buy-in to get started. This can be a major stumbling block for change programmes – here the principle is 'go where the energy is', let the benefits emerge and respect that senior leaders, like employees, will get there in their own time. In simple terms, work with the receptive senior leaders and do not necessarily feel the need to overcome all resistance from the non-engaged leader before starting work.
 - Have a range of support 'tools' ready – but be willing to select and work to the appropriate level with individual leaders and managers. Some may be highly self sufficient – others may need a great deal of support or even co-facilitation in some situations. Examples could include:
 - Facilitation of good quality conversations in daily meetings
 - Tips and techniques for eliciting feedback
 - Harnessing energy through use of appreciative enquiry
 - Conducting the good quality conversation with your team
 - Use of storytelling
 - Translating the organisation's business priorities into practical actions for my team

- **Focus on creating the invitation and the conditions which raise engagement – then allow the collateral benefits to emerge.** This means that the precise ‘measures’ will be different from one team to another. For example, a highly engaged customer service team will show different benefits than a highly engaged ‘back office’ or operational team. The importance here is that Engagement by Design™ is not about chasing engagement measures per se – it is about each team and individual ‘being the best they can be’ in their role and contribution to the organisation. The results show in improved performance against the measures, which are important to that particular team.
- **Understand and work with your legacy.** Any organisation has a history and culture – raising employee engagement has to work with that, rather than seeking to change it. This means that HR/OD can play a key role in capturing the good news stories, communicating benefits and being the facilitators of ‘viral change’. Where a lack of trust or cynicism has built up, working deliberately to turn that around can have the same effect as dealing well with a disaffected customer – they become your biggest advocates!

Where will you see the differences?

Here are just some of the differences which you can expect to see:

- More effective meetings – things get done
- More productivity – work is faster, fewer errors
- ‘Lightness of mood’ – resilience, energy
- ‘Not getting cross’
- ‘How can I help?’ – rather than ‘what mistake have you made?’
- When the pressures and problems arise, people and their managers/leaders reacting differently
- Teams coming up with unexpected solutions and improvements – on their own initiative
- Improved performance against the measures which are relevant to that particular team
- Other parts of the organisation observing the difference and asking how it has come about

Benefits of collating success against a framework

A framework of research based questions, such as Hemsley Fraser’s 9 Factors (based on research from the University of Exeter) or based on work from the Centre for Applied Psychology provokes thought and stimulus to action – without the pressure to ‘chase the measure’. This fits with the spirit of integrating measurement into the flow of the work, whilst maintaining the flexibility to ‘create Engagement by Design™’. Such a framework can be used to support specific interventions (as suggested below) where the collated information suggests particular areas in which to focus.



Summary of the role for HR/OD in Engagement by Design™

- Understand and identify the 'triggers' in your organisation
- Be proactive around approaching leaders – create the 'leadership invitation'
- Be ready with some specific 'interventions', which can be in the form of practical working sessions:
 - 'Being the best leader you can be'
 - Creating focus and clarity
 - 'Having good quality conversations'
- You and your team experience these interventions first – then actively participate with others
- Be ready with practical tools to assist managers to the level that they need help
- Integrate the specific interventions (such as 'being the best leader you can be' into leadership and management development as 'golden threads'

A summary of Engagement by Design™

- A practical four step process
- HR/OD and Learning & Development play a key role in designing and facilitating the four steps

The foundation principles are:

- An **invitation** to which employees and leaders alike respond. This leads to the importance of working with individual senior leaders, small groups and their managers
- Being willing to accept that leaders, managers and their teams will 'get there' in their own time
- The invitation to senior leaders and their truly embracing what employee engagement may mean in practice is critical
- Engagement by Design™ needs to happen every day – HR and OD can play a critical role in providing the right level of support and facilitation
- HR and OD have a critical role to play from the initial design through to the capture and sharing of stories. This also means communicating collateral benefits, with the right level of framework and structure (using measurement judiciously)



Hemsley Fraser

For further information, contact Hemsley Fraser on **0845 071 2806** or visit www.hemsleyfraser.co.uk.

Founded in 1991 by Iain Fraser Lovett, Hemsley Fraser have a strong UK, European and North American presence and a global network of over 400 professionals. Hemsley Fraser bring a comprehensive range of learning and development services to clients, enabling them to build capability, confidence and deliver improved business performance.

Today, Hemsley Fraser helps organisations to ‘think beyond learning’ – to open up opportunities for clients to go beyond what they thought was possible, to use learning to create a momentum which embraces change and breakthrough performance as a way of life, for both individuals and organisations.

Services include:

- Tailored, customised and blended learning solutions
- Learning administration and managed service outsourcing
- Open training courses
- Executive development coaching & talent management;
- Learning and development strategy
- Needs analysis, diagnostics and metrics
- Facilitation services

Hemsley Fraser specialise in the following areas: Leadership & management, personal effectiveness and communication, project management, sales and customer service, credit and finance, office administration skills, health & safety and first aid, and HR and training skills.



References

1. Kotler, Philip, Marketing (May 1999) **Analysis, Planning, Implementation & Control**, 9th edition, Prentice Hall Business Publishing
2. Smith, Shaun and Wheeler, Joe (2002) **Managing the Customer Experience, Turning Customers into Advocates**, FT Prentice Hall
3. Michaels Ed, Handfield-Jones Helen and Axelrod Beth, (2001) **War for Talent**. Harvard Business School Press
4. Whiteley, Richard C (2001) **Love the Work You're With: How to find the job you always wanted without leaving the one you have**, Henry Holt & Company, 1st edition
5. Milligan, Andy and Smith, Shaun (2007) **See, Feel, Think, Do: The Power of Instinct in Business**, Cyan Books and Marshall Cavendish
6. Heskett, James L, Jones, Thomas O, Loveman, Gary W, Sasser, Jr, W.Earl & Schlesinger, Leonard A (March/April 1994) "**Putting the Service Profit Chain to Work**," *Harvard Business Review*
7. Watson Wyatt, **Work USA** 2000
8. Harley, A, Lee, Danielle and Robinson, D (2005) **How O2 built the business case for engagement**, Melcrum Publishing Ltd
9. English, G (2005) **Understanding and motivating employees at WHSmith**, Melcrum Publishing Ltd
10. Conway, C & Briner, Rob B (2005) **Understanding Psychological Contracts at Work: A critical evaluation of theory and research**, Oxford University Press
11. **Which comes first: Employee Attitudes or Organisational Financial and Market Performance**, *Journal of Applied Psychology*, 2003, Vol 88, No5
12. Kotter, John P (1996) **Leading Change**, Harvard Business School Press, 1996

Bibliography

- Bassi, Lauri and McMurrer, Daniel (March 2007) Maximising Your Return on your People, *Harvard Business Review*
- Damon, Nadia (May 2007) The Rules of Engagement, *Teaching Coaching Today*
- Else, George (January/February 2005) Building Employee Engagement at Sensis, *Strategic HR Review, Vol 4, issue 2*
- Gorman Bob Jr, Gorman Robert E (2006) Why Managers are Crucial to Increasing Engagement, *Melcrum Publishing*
- Hulme, Virginia A. (March 2006). "What Distinguishes the Best from the Rest". *China Business Review*
- Kees, Cath (January/February 2007) Using Appreciative Inquiry to Measure Employee Engagement, *HR Review, Vol 6, Issue 2*
- Konrad, Alison M. (March 2006). "Engaging Employees through High-Involvement Work Practices". *Ivey Business Journal*.
- Lencioni, Patrick (2007) The Three Signs of a Miserable Job, Wiley
- Lockwood, Nancy R. "Leveraging Employee Engagement for Competitive Advantage: HR's Strategic Role." *HRMagazine Mar. 2007: 1-11. SearchSpot. ABI/INFORM Global (PQ). McIntyre Library, Eau Claire. 22 Apr. 2007*
- May, Douglas R, Gilson Richard L and Harter Lynn M, (2004) The Psychological Conditions of Meaningfulness, Safety and Availability and the Engagement of the Human Spirit at Work, *Journal of Occupational and Organisational Psychology, 77, 11 – 37*
- Marks, N (2006) Happiness is a Serious Business. In: Chartered Institute of Personnel Development, Reflections on employee engagement. Change agenda. CIPD available at <http://www.cipd.co.uk/changeagendas>
- Newman, Victor (January/February 2003) The Rules of Engagement –Driving Innovation, *HR Review, Vol 2, Issue 2*
- Parsley, Andy (Spring 2006) Road Map for Employee Engagement, *Management Services*
- Pass, Sarah (September 2005) On the Line, *People Management, Vol 11, Issue 18, p38-40*
- Pounds, Jerry (Autumn 2006) The Great Motivational Myth, *Management Services*
- Purcell, J et al (2003) Understanding the People and Performance Link: unlocking the black box. Research report. London: *Chartered Institute of Personnel and Development. Available at Http://www.cipd.co.uk/bookstore*
- Robinson D, Perryman S and Hayday S (April 2004) The Drivers of Employee Engagement, *IES Report 408*

Ryan, Richard M. and Edward L. Deci (January 2000). "Self-Determination Theory and Facilitation of Intrinsic Motivation, Social Development, and Well-Being". *American Psychologist Association* **55**: 68–78

Simonton, Bennett (2005) *Leading People to be Highly Motivated and Committed*, *Simonton Associates*

Sinickas, Angela (April/May 2005) Linking Communication to Engagement, *SCM, Vol 9, Issue 3*

Smythe, John (2007) *The Chief Engagement Officer. Turning Hierarchy Upside Down to Drive Performance*, *Gower Publishing Limited*

St-Arnaud, Lise (interview April/May 2005) Engaging to Improve Results at Bombardier Aerospace, *SCM, Vol 9, Issue 3*

Thatcher, Mandy (April/May 2005) Employee Engagement is about Braincount vs Headcount, *SCM Vol 9, Issue 3*

Thornham, Roger and Chamorro-Premuzic Dr Tomas (2006) *Time to Review Engagement Surveys?* *Melcrum Publishing Ltd*

Ulrich D and Brockbank W (2005) *The HR Value Proposition*. Boston MA: *Harvard Business School Press*

Employee Commitment Remains Unchanged..... *Watson Wyatt Worldwide (2002)*.

Wilkinson, Adrien, et al (2004). "Changing Patterns of Employee Voice". *Journal of Industrial Relations* 46,3: 298-322.

Reports

Integrating Corporate Culture and Employee Engagement, *HR Review* September/October 2006 Vol 4, Issue 6

Workers Across the Point Trust Leaders More (17 Feb 2005) *Training Zone*

Global Forum Aon Consulting (2003) *How to Build Employee Commitment* Q3 Issue 3

Gallup Consulting™ *Employee Engagement. The Employee Side of the HumanSigma Equation*

Towers Perrin *Global Workforce Study 2007 - 2008*

LONDON

Hemsley Fraser Group Ltd
13 Grosvenor Place
London SW1X 7HH
Tel: 0870 161 1740

MANCHESTER

John Dalton House
121 Deansgate
Manchester
M3 2BX

WASHINGTON DC

1220 L Street, NW
Suite 100-498
Washington, DC 20005-4018
USA

ENQUIRIES

St James Court, 74-94 Fore Street, Saltash, Plymouth PL12 6JW.
Tel: **0845 071 2801** Fax: 0845 071 2821
Email: enquiries@hemsleyfraser.co.uk
www.hemsleyfraser.co.uk