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## Understanding Employee Engagement

### Chapter Objectives

#### In this chapter, we will:

- Establish the proven link between employee engagement and competitive advantage.
- Define employee engagement and understand how engaged employees add value.
- Discuss the changes that technology is bringing to our economy that make action urgent and critical.

### Key Points

- This is a practical book based on real company experiences for anyone who wants to improve their business, regardless of their role or job level.
- You will have to rebel against *standard practice*—the status quo has failed and rebelling is the only way to make a difference.
- Don't confuse employee engagement with employee happiness; they are fundamentally different.
- Don't get hung up on jargon—engagement, experience, organizational health; it's not important. Just get started on the journey.

## Introduction

A group of companies has twice the stock market performance of their peers. They innovate more, deliver better customer service and have half the employee turnover. They rebel against the status quo by treating people differently, and they've been rewarded with productivity and bottom-line results that leave other companies behind. They are the companies with the most engaged workforces—measured and tracked by numerous surveys and indexes, with the data proving the connection to real business results.

These companies have found a way to build an engaging culture—a culture where hard-working people thrive in jobs with challenge and excitement. A culture where people regularly put their companies and their customers ahead of their own needs. These companies have been outperforming their peers for nearly 20 years.

Of all the things we do in modern business, the link between employee engagement and business results is one of the most clearly proven. Gallup, Great Place to Work, Best Companies and Glassdoor all analyze employee engagement and correlate it to stock market performance. Whichever data you look at, the results are the same—companies with engaged employees beat their competition.

The Gallup index alone has 30 million data points going back nearly two decades: They interview 500 American adults every day, collecting data on employee engagement 350 days of the year.<sup>1</sup> The truth is, we proved the link between employee engagement and business performance years ago. **Now it's time to act!**

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<sup>1</sup><http://www.gallup.com/201194/gallup-daily-work.aspx>

## **Big Companies Can Correlate Performance Directly to Engagement**

With 85,000 staff across nearly 1,000 stores, UK retailer Marks & Spencer has plenty of data to crunch.<sup>2</sup>

Stores in the top quartile for employee engagement are twice as likely to achieve the highest service rating and have 25% less staff absence compared to stores in the bottom quartile.

It turns out that engaged employees deliver better customer service and take less time off sick. Surprised? You shouldn't be.

Yet, despite this robust evidence, the vast majority of companies are either doing nothing, or not enough, to engage their staff. The lack of progress causes consultants to invent new ways of saying the same thing: “*Engagement is dead, long live employee experience,*” “*Forget engagement think about organizational health*”—but actually it's all broadly the same thing.

**The problem with employee engagement isn't what we're calling it. The problem is we're failing to make the necessary fundamental changes to our disengaging workplace practices.**

The majority of our organizations are nothing without the collective output, ingenuity, choices and decisions of our staff. Company culture is simply the term that describes how you treat people and how you set the conditions in which they do

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<sup>2</sup><https://www.etsplc.com/ms-employee-survey-case-study/>

their work. To fix company culture and allow people to choose engagement, we don't need fancy initiatives around the edges; we need to fundamentally change how we treat the people who work for us.

When the *Harvard Business Review* surveyed business leaders in 2014, 71% of them said employee engagement was *critical* to the success of their organizations, but only 24% of these same leaders said their workforces were highly engaged. This difference is what we call the *engagement gap*.

No matter how you gather, track or slice the data, the big picture is that almost three-quarters of our employees simply don't care much about our companies, they don't care much about our customers, and they're not really working as well or as hard as they could be. We've written this book to help you change that. We've written this book to help you make the world a better place to work.

### **The Business Case for Employee Engagement Has Been Made**

Engagement is proven to deliver business results. Many leaders seem to know that, but companies still struggle to take meaningful and effective actions to make things better.

## Understanding Employee Engagement

Just about every vendor in HR describes themselves as an employee engagement platform or product these days—even the payroll companies! You could easily be forgiven for thinking this is a new trend that's just started; an invention of new technology.

But the truth is that we've known for over 100 years that **treating people better gets better business results**. It's important to focus on those words, so let's repeat them: "**Treating people better gets better business results.**" We have disengaged employees because we lie to them; treat them as adversaries; and give them crappy jobs without autonomy, excitement or accountability. The Engagement Bridge™ model will help you understand the things that cause disengagement, and show you the tools and strategies to address them.

If you're reading this thinking that you've already done work on engagement and it didn't work, ask yourself: Did you really change how your organization treats people? Because if you only focused around the edges—installing a new intranet, a tool that helps staff know whose birthday it is, or something to count how many steps they walked—then nice as that is, it won't have been enough.

For our purposes, we've always believed in a results-focused definition of engagement. We define someone as engaged when they:

1. **Understand and believe in the direction the organization is going**—its purpose, mission and objectives—so they feel part of something bigger than themselves.
2. **Understand how their role affects and contributes** to the organization's purpose, mission and objectives.
3. **Genuinely want the organization to succeed** and feel shared success with the organization. They will often put the organization's needs ahead of their own.

You'll find that engaged employees build *better, stronger and more resilient organizations*. They do this in three ways:

1. **Engaged employees make better decisions** because they understand more about the organization, their customers and the context they are operating in.

2. **Engaged employees are more productive** because they like or love what they are doing—they waste less time and get less distracted by things that don't further the organization's mission or goals.
3. **Engaged employees innovate more** because they deeply want the organization to succeed.

It's easy to get *happiness* and *engagement* confused, and it's also common to think that a good employer creates an *easy* place to work. Neither is true.

You do not need employee engagement to have happy employees. I've found companies that have quite happy employees based on a combination of good working conditions, low ambition and low accountability for results. This tends to result in the best people leaving and an average group of people staying and finding meaning and self-actualization outside of work. It's pretty dreadful for organizational performance, and you can guarantee those companies won't have the durable and resilient cultures needed to navigate the tough years ahead.

Engagement is something deeper, more meaningful for the employee and more valuable to the organization. With the pace of business accelerating by the day, we need engaged employees more than ever.

## The Case for Action

Technology is making the world move faster, and when the world goes faster, competition gets harder. Companies are innovating and changing at a rate previously unimagined. Product lifecycles are shorter, links between manufacturing and the customer are closer, and the demands for process improvement and process change have never been greater. We've never needed our staff on our side more than we do now.

Just look at the time taken for new products to reach 50 million users. Radio was invented at the start of the 20th century and it took 38 years to reach 50 million listeners, but 100 years later, it took just four years for the iPod to reach the same size audience. It took just three years for the internet, a year for Facebook and a month for *Angry Birds*!

### Time to reach **50 million** users



This speed generally makes better outcomes for the customer, but it also brings huge instability. With technology, new players with small, highly engaged teams can outmaneuver and outperform their larger, slower competitors—look what happened to Nokia, Polaroid, Blockbuster and Borders. Each of these companies failed because when the winds changed, they couldn't move fast enough, reorganize themselves quickly enough or stay connected to the customer closely enough. You could say they all failed because of a failure of their corporate cultures.

Great cultures are full of openness, honesty, courage, connection to the customer, and vast swathes of passionate, engaged employees—these are the cultures that enable companies to react and respond to fast-changing markets and fast-changing environments.

## How Can We Get Customers to Love Us If Our Employees Don't Even Like Us?

In the new, supercharged, super-fast, super-competitive economy, we need customers to love our brands, love our products and advocate for our companies.

Surely customer love must start with employee love?

### Ultimately, Engagement is a Choice

Employee engagement isn't something just for rich tech companies, and it isn't something just for companies that employ lots of young people, either. Everyone, regardless of age, deserves to have a job they love that makes them feel fulfilled, and every company needs its people on side more than ever.

When I worked for a major public company in the 1990s, despite the fact we were all shareholders (so you'd think we'd automatically be engaged), I never felt more distant from the ability or desire to make an impact.

But when I met Lei, who works at the El Cortez Hotel and Casino in downtown Las Vegas, I heard a very different story. He had been running the roulette table for 25 years and told me that El Cortez was a good employer, a good company that treated him well. He was engaged, so he knew how to make the company successful.

*"If I treat the customers well and smile and wish them luck, then they come back. I want that. There's a lot of other casinos on Fremont Street where customers can spend their money, and I want them to come here. This is a good job. I want to keep it, I want the casino to still be here."*

I've also seen that employee engagement can be developed in the harshest of conditions. In 2013, GM Holden, an Australian car company, announced that the entire manufacturing plant would



close, marking the end of domestic car production in the country. But the exceptional efforts on engagement made by local leaders ensured that every key production and engagement metric improved, with every employee dedicated to ensuring that the last car that rolled off the production line would be their very best ever.

This shows that there is no industry you must be in, no sector you must be from, and no age or stage your company must be at—you can make employee engagement work for you and make a real difference.

### **Employee Engagement is a Journey, Not a Destination**

Don't worry for a second about where you are—only care that you are actually moving, making small changes and moving in the right direction.

Employee engagement is never done or perfect, but you'll be surprised at the results you get with even a little bit of effort.

And remember, the bar for success is remarkably low—most companies are pretty average, as the engagement stats show. If you can get even 20% better at two or three elements in the Engagement Bridge™, you'll really be able to see competitive advantage through your people.

## Getting Started

Don't read too much into the order of chapters in this book. The truth is you need to understand the elements in the Bridge™ and then decide what is urgent and pressing for you.

To make things easier and provide inspiration, half of the book is dedicated to the case studies, or *plays*—this is a *playbook*,

after all. Debra led on the plays and interviewed hundreds of companies in her research over the last two years. As well as the plays in this book, you can find dozens more on the book's website, [rebelplaybook.com](http://rebelplaybook.com).

We've chosen plays from companies big and small, young and mature, with big budgets and with small budgets, and often no budgets. We found you don't have to be a VC-fueled startup or a well-funded corporation to get amazing results from your people. We've also chosen plays from all types of rebels—some taking small steps and others taking bigger steps into their “*rebellion*”—to make the point that there are lots of different ways to be a rebel.

Some of the things in this book may sound outlandish and you might think you could never do them at your company. It's important to remember that this is a *Rebel Playbook*. The status quo of how we treat people at work has failed and we *need* to get out of our comfort zones to make an impact. If some parts make you feel a little uncomfortable, that's OK—use it to power your own *rebellion* at work.

Don't despair if the overall task looks big and, for heaven's sake, don't give up. Employee engagement isn't binary: You're never done or not done. Instead, think of it as moving forward or moving backward. It's a journey that you never complete, but the most important thing to do is to get moving.