THE EMPLOYEE EXPERIENCE PLAYBOOK:

IGNITING AND SUSTAINING A CULTURE OF COMMITMENT

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Has the True Meaning of Employee Engagement Been Misunderstood?

'Employee engagement' has many meanings and interpretations, though research has shown that typically, engagement measures focus on fit, alignment, and productivity; and there is little or no mention or inclusion of customer focus or employee experience elements. There is, however, an established and widely accepted connection between employee engagement and productivity, profitability, safety incidents, and even quality of products and customer ratings. Clearly, there is more to this story. By broadening our focus beyond specific engagement initiatives and optimizing the overall employee experience, we can improve the customer experience and deliver greater, more sustainable (long-term) business value.

According to the Deloitte 2015 Human Capital Trends report, a focus on the employee experience represents the biggest opportunity for HR today. "It is time for HR to address this disruption, transforming itself from a transaction-execution function into a valued consultant that brings innovative solutions to business leaders at all levels. Unless HR embraces this transformation, it will struggle to solve problems at the pace the business demands. Today's challenges require a new playbook—one that makes HR more agile, forward thinking, and bolder in its solutions."

Rethinking and Reinventing Engagement

The time has come to move beyond traditional employee engagement thinking and initiatives and view engagement for what it is or, rather, at its best, what it should be: the outcome of a holistic, carefully crafted employee experience. Far too often in the past, employee engagement has been viewed as simply another annual workplace task to be completed by HR, or worse, as something to simply throw money at in order to appease the workforce. This is not how a truly motivated workforce is forged—and a motivated workforce is more vital than ever. Research shows that the organizations with the highest number of engaged employees dramatically outperform those in the same industry with the fewest, in the areas of profitability, productivity, and especially retention. A major 2012 collaborative secondary research effort by the University of Bath School of Management and Marks and Spencer in the U.K, Engage for Success, concluded: "As well as performance and productivity, employee engagement impacts positively on levels of absenteeism, on retention, and on levels of innovation." An engaged workforce has been considered the holy grail of the business world in many ways, and has proven just as elusive.

Historically, outside of deviations attributed to economic conditions, engagement and disengagement levels in the workforce at large have remained remarkably consistent for quite some time. Despite a bevy of initiatives aimed directly at boosting employee engagement over the last 30-years, the challenges remain. In fact, 8 out of 10 employers report being seriously concerned about employee engagement and retention, ranking these as the top two "people" issues they face. And rightly so, as less that one-third of employees are engaged in their jobs, with a majority describing themselves as "not engaged" and 17.5% as "actively disengaged." Millennials, who make up the largest generation in the workforce, are also the least engaged . Disengaged employees have also been shown to cost $300 billion in lost productivity in the U.S. every year.

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1. "How Employee Engagement Drives Growth," Gallup, http://www.gallup.com/businessjournal/163130/employee-engagement-drives-growth.aspx
2. 2016 Bersin by Deloitte Human Capital Trends Report
3. "Majority of U.S. Employees Not Engaged Despite Gains in 2014," Gallup, http://www.gallup.com/poll/181289/majority-employees-not-engaged-despite-gains-2014.aspx
4. The Cost of Disengaged Employees, March 2015, http://www.virgin.com/news/infographic-the-cost-of-disengaged-employees

A similar long-standing challenge exists when it comes to gauging customer behavior. Customer satisfaction has been shown to have little direct connection to purchase behavior, to the tune of 0.0% to 0.1% correlation. Many companies are still measuring customer satisfaction in hopes that learning about its drivers will help build customer loyalty, but satisfaction isn't indicative of decision-making or reflective of what is going on in the customer's real, emotional world. The same can be said for another key stakeholder group—employees—and how traditional satisfaction and engagement research, and resulting initiatives, drive more positive employee experiences.

Where did engagement go wrong; or, more fundamentally, what about engagement isn't working? Though poorly understood until now, experts are uncovering what may be a decades-long case of attacking the symptoms instead of the source. Several years ago, The Conference Board analyzed twelve major studies by top research firms on the nature of employee engagement and its implications. The research described a broad swath of factors still thought to drive or contribute to engagement, including employee attitudes about the integrity of their leaders, their career opportunities, pride in their organization, and relationships with team members. But companies also tended to focus too intently on employee-reported satisfaction and overemphasize this when trying to gauge and raise levels of productivity and performance. The studies also displayed a distinct lack of any reference to customers or "customer value," implying that a customer focus is seen as tangential to the scope of employee engagement. Even if employees are trained in brand image, this does not mean they will deliver on the product or service value promise to customers.

At the same time, recent market research has begun to emphasize the concepts of the customer experience and linkages to value perception through the voice of the customer. The customer experience can be defined as the product of any interaction between a customer and your organization over the duration of your relationship, and the voice of the customer refers to feedback given describing this experience and how it matches up with expectations. A customer experience includes the way a customer looks at, thinks about, and most importantly feels about your brand. If expectations are met, a customer is likely to return, perhaps more than once. If they're exceeded, a customer may even become an advocate for your brand to others. An experience that falls short of expectations, of course, will end a relationship with your company.

The modern conception of the employee experience combines these ideas about the shortcomings of traditional engagement programs and the importance of the customer experience. The employee experience can be thought of as another side of the same coin—just as the customer experience defines the relationship between your brand and its customers, the same holds true for employers and employees. Rather than viewing emplpyees and HR as cost centers, perhaps we need to think of them as key revenue drivers. To foster truly engaged–that is, truly committed–employees, you must treat them as internal customers, with a focus on listening to the voice of the employee for feedback throughout their entire lifecycle with the company. Just as exceeding expectations for your customers can turn them into advocates, your employees can become the most effective evangelists and ambassadors for your brand. Therefore the customer and employee experience are inexorably linked, and emphasizing the employee experience has a reciprocal effect on both employee engagement and business results. In Hal Rosenbluth's book defending people-centric culture, The Customer Comes Second, he summarizes this concept: "We're not saying choose your people over your customers. We're saying focus on your people because of your customers. That way, everybody wins."

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Investing in a superlative employee experience requires discipline, time and work, and it won't happen overnight. It's about making big changes to champion your people at all levels of the organization, and may demand a cultural evolution, a new level of leadership development, and technological agility. This playbook was created to define the scope of the problem, identify the three primary pillars of building a people-centric employee experience, and put your organization on the path to getting it done.

The Three Pillars of a People-Centric Employee Experience
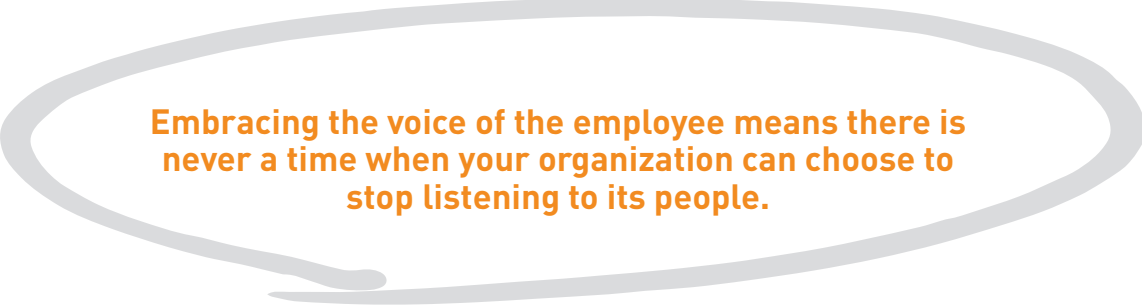
I. A New Role for Leaders

The most effective leaders can be identified as servants of the enterprise. The core precepts and benefits of servant leadership, have been understood for centuries. In the Tao Te Ching, attributed to Lao-Tzu, it was written: "The highest type of ruler is one of whose existence the people are barely aware. When the leader's task is accomplished and things have been completed, all the people say 'We ourselves have achieved it!'" When leaders truly lead, the living product of their thinking and action directly impacts customer and employee focus in operations and experiences, and humanistic approaches for building relationships and real value for all stakeholders within the enterprise.

If you want to emphasize a people-centric employee experience in your organization, a new mandate for leaders should be first on the agenda. Managers have the most direct and greatest potential impact of anyone on the workforce. They set the tone for each team and are responsible for distilling the cultural identity you've developed into what will ultimately be experienced by customers as your brand. Unfortunately, most organizations have not invested appropriately in the development of its managers during past engagement initiatives. Therefore crafting an ideal employee experience should start with a new path for those leading your employees.

People are not problems, and ultimately don't want to be "managed" at all. Management is essentially about control—assigning tasks, giving instructions, and ensuring that specifications are met. Leadership, in contrast, is about inspiration and compassion—finding common ground on which projects can be based, and facilitating guided self-direction. This distinction is often misunderstood, and it's time to invest in leadership development to bridge the gap. One of the primary roles of a manager is to encourage the growth of their employees' skillsets, expanding their responsibilities. Yet research concludes that "on average, managers are worse at developing their employees than anything else they do."

The principal rationale for changing this is staggering: a DDI/Harris Interactive study finds that 98% of employees who would state that they have good leaders are motivated to do their best, compared to 11% of employees with ineffective managers. A good analogy for the type of manager that champions the employee experience is a coach. A coach doesn't simply tell team members what to do; he or she works with them to improve over time and contribute to the success of the entire team. This transition from traditional management to active coaching will require ongoing two-way feedback; in other words, communication that doesn't have to be sought out by either party. For example, instead of employing an annual review as the primary venue for manager-employee dialogue, leaders should cultivate a continuous culture of caring and personal attention all year long.

II. A Culture of Listening and Acting

As noted above, the "voice of the employee" is analogous to the "voice of the customer"—your people are speaking daily and offering their expectations, preferences, and desires for change. Leaders must listen and follow through with action. Embracing the voice of the employee means there is never a time when your organization can choose to stop listening to its people. There is always an opportunity for feedback, and companies that act on employee feedback will outpace those that ignore it or aren't actively listening in the first place.

5. "How Your Brain Responds to Performance Rankings" – David Rock, Josh Davis, and Beth Jones – 10/14/15

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This is a cultural shift, to prioritize communication that involves every member of the workforce. Consider the perceptual differences between a press conference and a town hall meeting for the attendees. Those in the audience at a press conference know that the message being delivered is preconstructed; it may be solid information, but they are not active participants in the process. While at a town hall meeting, any attendee may have the opportunity to contribute and even drive the conversation.

To make this change, performance management must be transformed to bridge the gap between listening and acting. Today organizations that have conducted traditional performance processes have a wealth of data that can be mined as a baseline for the voice of the employee; in comments, summary goal statements and more. But traditional annual reviews are on the way out for numerous reasons, not the least of which is their negative impact on employee morale and productivity. Shorter, more focused and relevant surveys (whose results are accessible to all employees) and transparent conversations between executives, managers, and the workforce can complement the culture of coaching-focused leadership described above. At the same time, career development must be intrinsic to corporate culture for every employee on Day 1—or even before the date of hire, during the candidate experience—helping to drive a positive environment where learning is natural and inherent to work. This culture of development applies to both employees and managers.

Leading organizations are already taking action: Deloitte, Accenture, and GE have already jettisoned traditional performance management, which in the past involved annual or biannual goal-setting and performance scores, in favor of this kind of culture of ongoing communication.

III. Leverage Technology as an Employee "Valet"

The role of technology in the employee experience has always been critical and complex, but companies now have the ability to go beyond boosting administrative efficiency by harnessing technology that actually enhances the work life of their employees. The most recent advances have raised the bar for organizational transparency and employee self-service. Solutions that emphasize the employee experience combine convenience and personalization to become individualized personal assistants, or "valets," for employees.

An engaged employee is also an informed employee. Your employees may benefit from transparency in organizational hierarchy, where modeling can provide new insights into the structure of your employees' teams and your entire organization. They can also be empowered with self-service access to specific information about pay variances due to taxes or other notes of interest on individual paychecks. In creating a person-centric employee experience, all of this information should be provided to each member of the workforce based on their role, accessible at any time, on any device.

Technology "valet" functionality can even extend to managers. New prescriptive analytics can put the right action into managers' hands at the right time, giving them the tools to proactively counter flight risks, identify and cultivate potential high performers, and even receive inspiration for more effective leadership and communication. Organizations with the most effective employee experiences will use every tool in the box to make work life easier and more complete.

Committing To and Benefitting From the Employee Experience

Today, there's a lot of discussion among corporate strategists, and even senior HR folks, about "putting employees first." In the end, who takes precedence, employees or customers? The lesson of focusing on the employee experience is that it's impossible to have customer loyalty and advocacy without employees understanding their role as stakeholders of your brand. And, just as importantly, this extends to living the role, recognizing that this is central to their own experience as employees, and behaving with full commitment, as value delivery agents inside and outside of the organization. Increasingly, we are beginning to understand, and even predict, the effect on customer advocacy of employees. As Fortune columnist Thomas Stewart said two decades ago, "Human beings want to pledge allegiance to something. The desire to belong is a foundation value, underlying all others."

When that "something" is the optimization of customer loyalty behavior, coupled with the highest levels of employee participation and investment in reaching that goal, all parties benefit. Employees are capable of directly and indirectly contributing to both customer disappointment and customer delight. It is essential that companies also listen to employees' perspectives on customer experience. This can be done through a research and analysis method that links staff experience and performance directly to customer behavior, so the employer can hire, train, recognize and reward employees for how they contribute to customer value.

When examining the leverage employees can exert on customer states of mind, a few companies have learned that employees loyal to the company are also loyal to its brands—and are more likely to act as ambassadors in creating customer commitment and advocacy. Two U.S. marketing professors, Eugene Fram, of Rochester Institute of Technology and Michael McCarthy of Miami University, Ohio, found that companies with employees highly loyal to their brands are more positive about their employment with the company, itself; are more likely to believe the company is customer-focused; and are more likely to have pride in the company and believe that it is well-managed.

This new emphasis on the holistic employee experience is an important fundamental rethinking, really a transformation, of performance management, employee-manager communication, and even priorities for leaders. It means infusing every aspect of your corporate culture with the voice of the employee (along with the voice of the customer). Employees, whether they are customer-facing or not, and irrespective of function, location, or level, need to "live" the brand and company value promise as company representatives, inside and outside of the organization. Though the road is long and difficult, the employee advocates you'll create will be more committed, stand by your business in good times and bad, and be the greatest asset to your reputation that your brand will ever have.

The dual message here is that companies should focus greater attention both on creating brand "champions" and advocates among customers and on building these same capabilities for employees within the organization. Active employee involvement in creating and delivering customer value also helps enhance the employee's experience.

Humanized technology, a thoughtful and careful blend of art and science, is the first step. Seek out solutions that will empower and enable employees for everything from exploring new recruiting opportunities to compliance with a consumer-like look and feel at every level of the organization. Comprehensive human capital management built from the ground up to serve people—irrespective of function or level—is the gateway to a optimal employee experience.

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