



Engaging employees boosts bottom line

By Christopher Hosford

When viewed as a customer-facing or sales-support task, marketing focuses on branding, message management, channel maintenance and the like. But when concentrating on internal efforts, marketing's impact on a company's own workers in enhancing business performance can be equally formidable.

"There are two key factors that drive employee engagement," said Linda Dulye, president of L.M. Dulye & Co., a worker engagement consultancy. "One is the level to which a work force is informed about the operational and organizational goals, policies and procedures of their company. And the other is their involvement, using this knowledge to participate in decisions and practices that drive those goals."

According to a 2004 study of 1,500 companies by Northwestern University's Forum for People Performance Management and Measurement together with the National Association for Employee Recognition, corporate culture and communications were considered key to an engaged work force, but none of four HR functions (selection, development, performance management and compensation) was found to influence employee engagement.

"Engaged employees don't merely stand, and watch and criticize, doing a play-by-play of the game," Dulye said. "They're on the field and ready to get in the game at any time."

"Going above and beyond" is a hallmark of an engaged work force, but experts say this has to be cultivated by management; it's not necessarily an intrinsic quality in most employees. Thus, engagement is both an outcome and a process of management building communal ownership and accountability for what the organization stands for.

"If leaders expect people to get involved, they have to be out there with them, helping them talk about it and understand it," Dulye said.

Once employees shed the idea that they're victims of decisions laid down from on high, and instead embrace the idea that they are shapers of those decisions, they begin to emerge as an engaged work force.

"It has to be a formalized process," said Tommy Lee Hayes-Brown, former manager of employee engagement at Met Life Auto and Home Insurance who was recently named the company's multicultural manager.

Other observers stress that employee engagement implies a work force informed about a company's goals and actively contributing ways to achieve them. But allowing employees a voice in decision-making doesn't mean an abdication of managerial authority.

"Leadership is key," said Raj Sharma, president of Rolls-Royce Engine Services, whose employee engagement program, managed by Dulye, has produced profitability and productivity

(see case study, st right). "But management has to let go and believe that people will make a difference. It has to come from the heart."

Whether it comes from the heart or the head, the latest push toward a more engaged work force may be part of the changing corporate landscape.

"There's a shift in thinking about how an organization's value is assessed—which traditionally has been around tangible assets like machines, computers and such—the heart of their ability to create profit," said Jennifer Rosenzweig, global employee practice leader at Carlson Marketing. "But in today's service-oriented economy, you're as likely to have an organization that consists of nothing but intangible assets."

Rosenzweig added that marketing increasingly is viewing such intangibles as important.

"There is a fuller understanding of how employees can market a brand," she said, "so there's an increasing push from marketing and the organization as a whole to do things that promote employee engagement."

According to a 2005 study by Towers Perrin, just 21% of all U.S. employees are fully engaged, and employees remain frustrated and skeptical about their senior leadership. The study surveyed employees working for midsize and large companies in 16 countries, covering 86,000 employees at all levels.

The metrics used to assess engagement are primarily surveys. For example, the Gallup Organization has come up a 12-question survey that recognized engagement, including such simple queries as "Do you know what is expected of you at work?" to more probing questions such as "In the last year, have you had opportunities at work to learn and grow?"

Still the key metric of engagement may remain financial. ISR studied the relationship between different levels of employee engagement and corporate financial performance, measured by change in operating and net profit margin. The research firm surveyed 41 international companies with 360,000 employees.

Those organizations enjoying a highly engaged work force experienced a 3.7% increase in operating margins and a 2.1% boost in net profit margin for the year surveyed. In contrast, companies with poorly engaged employees suffered dwindling results.

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About L.M. Dulye & Co.

L.M. Dulye & Co. is a leading change management and communications consultancy that specializes in high-impact, 2-way communications, helping business leaders deepen their knowledge and understanding of the value of successful internal communications, engage and inspire the workforce and, ultimately, achieve better results.

For more information on L.M. Dulye & Co., visit www.lmdulye.com, or contact Roger Gibboni at 845-987-7744.