THE
ENGAGEMENT
EQUATION

LEADERSHIP STRATEGIES
FOR AN
INSPIRED WORKFORCE

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Preface: Standing on the Shoulders of Giants—The Legacy of Buck Blessing and Tod White

We often hear people describing employee engagement as a new field in corporate leadership. We beg to differ. Employee engagement—like innovation or effective management—has always been around. But it is an idea that leaders are turning to with more pressing attention as they explore all options for developing a competitive advantage. Increasing engagement is one of the few ways to boost productivity without additional headcount or new technology. While competitors can access capital, resources, and markets in the same way that you can, organizational culture and the engagement of a workforce are things that cannot be acquired or outsourced.

Two men who understood this were Buck Blessing and Tod White. In 1973 they founded their fledgling partnership above a barber shop in Princeton, New Jersey. Together, they devised a model of employee engagement and spent the next five years perfecting it by training thousands of professionals. To date, millions of people worldwide have benefited from programs that use this approach.

Sociology, psychology, and neuroscience are among the many disciplines that have taken a stab at the topic of employee engagement, and all have contributed to the body of research. We have found that many of these suggested approaches are great in theory but fall apart when faced with the realities of implementing them in the workplace.

Our approach remains firmly as practitioners: we help organizations move the needle on employee engagement every day. The pragmatic lessons we have learned from advising senior teams and working hands-on in developing professionals around the world are distilled into this book.

Today BlessingWhite is a thriving consultancy and organizational development firm focused exclusively on employee engagement and leadership development. Companies such as General Electric, Toyota, Rolls-Royce, Unilever, Deutsche Bank, and Johnson & Johnson have turned to BlessingWhite to help craft their culture, develop their leaders, and engage their teams. In this book, we share the best practices and insights from these companies and many other organizations from around the world.

This journey began with Buck and Tod. We thank them for the initial spark and for starting us down the road. We dedicate this book to them.

Acknowledgments

This book was the work of many BlessingWhite colleagues around the world, past and present.

We want to specially acknowledge the contributions of David Koeppel, whose articles for the *New York Times* impressed us and made us realize we needed his guidance.

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We thank Paul Turner, Professor of Management Practice at Birmingham City University and longtime thought partner, for providing insightful guidance that kept us on track.

BlessingWhite employees in the United States and Europe contributed insight, challenged us, found interesting people for us to interview, did research and analysis, and made the book far better. Our thanks to Amanda Veinott, Matt Varava, Joan Dasher, Scott Mason, Chris Brunone, Eileen Garger, Charmian Hall, Tom Barry, Bill Lingrel, Mike Shoenfelt, and Sue Kang, who got thrown in the deep end.

And finally, we wish to thank our editor at John Wiley & Sons, Adrianna Johnson, who guided us through the process.

—Christopher Rice,

Fraser Marlow, and
Mary Ann Masarech

Introduction

“We Accept the Premise”

There is an organization in your industry that enjoys the benefits of high employee engagement. You can read it in its performance metrics and feel it when you walk the corridors. You see it in the loyalty displayed by its customers, in its ongoing innovation, and in the piles of applications received for each job opening. This organization has achieved high levels of employee commitment and is buzzing with activity and a sense of purpose.

Is this your organization?

Maybe you are a leader in an organization suffering from chronic disengagement and are observing your more engaged competitors with envy. “How can we replicate what they have? How come they seem to have ‘it’ and we don’t?”

High levels of employee engagement drive high organizational performance. As a leader you get this.

As you peel back the layers and examine the functions of that more engaged enterprise, it is difficult initially to put your finger on what exactly is different. Similar staff, similar expertise, similar products, and a similar customer base. But either the soul is there . . . or it isn’t. How do you emulate or replicate those intangibles? And how do you protect and nourish it once you have it?

And so the conversation starts: if we want to tackle engagement, we first need to measure it. This requires time and money, and as in any rational organization the question becomes, “What is the payback?”

There are many studies on the benefits of having an engaged workforce. They proclaim direct lines between increased engagement and key business metrics. Promised benefits include

- Higher productivity
- More discretionary effort
- Faster time-to-market
- More rapid innovation
- Higher customer satisfaction
- Lower turnover
- Reduced absenteeism
- Fewer accidents
- More resilience to change
- Which all add up to . . . higher profitability!

Such studies, while academically stimulating, are totally useless to you unless you happen to have been part of that specific piece of research. Your enterprise has its own goals and strategy, its own strengths and weaknesses, and its own dynamics.

Meanwhile, consulting firms muddy the waters with dubious calculations on lost productivity and subjective definitions that are hard to act upon. Armies of bloggers and talking heads tout all kinds of quick-fix solutions, from free yoga sessions to recognition awards to engaging your employees with annual birthday gifts.

Despite the confusion surrounding the topic, most leaders agree—as Pat Hasbrook, a senior VP at global financial information services company Experian, once told us—"We no longer worry about calculating ROI for this. We simply accept the premise that an engaged workforce is essential for the success of the company."[1]

Spinning Plates

Picture if you will each employee as a spinning plate. You can see your organization as a large space with 100, 1,000, or even 50,000 plates spinning. Left too long without attention, they run out of energy, start spinning out of control, and may come crashing to the floor. Personal development, coaching, performance management, addressing team dynamics, and reinforcing objectives are all forms of plate spinning. Masters of this circus manipulation art can barely keep 100 plates spinning at a time.[2] How many plates can any harried player-manager handle? Typically, less than a dozen.

Low engagement is like having less energy flowing into these plates. The result is that more attention is needed to keep everything spinning. Leaders in organizations with low engagement describe it as driving with the brakes on. Things could be so much easier and get done so much faster if it were not for the drag caused by disengagement.

Managing in a low engagement environment is exhausting—and so is spinning plates. How often and how much time do you spend sweeping up smashed crockery?

An Individualized Equation

Here's another hitch: as a leader you can't actually *make* employees engaged.

Engagement is fundamentally an *individualized equation.* What might make one employee engaged might turn off the person in the next cubicle. There are many variables that can impact any one person's engagement. *You can't just become a better plate spinner. You have to find ways to keep the plates spinning on their own.*

To truly be engaged, people need to be satisfied with their immediate work and their career opportunities. *Work* and *career* are two intangible catchall terms used to describe something much more profound to employees: work is a very large part of an employee's identity. It is an opportunity to satisfy values, to maximize unique talents, and to learn, develop, and fulfill personal goals.

But your business's purpose is not to make employees satisfied. They also need to be contributing. Luckily for many of us, these are closely equated. Employees become satisfied *because* they accomplish results and know their contribution is recognized and adding value.

As we shall see, this is how we define full engagement: maximum satisfaction and maximum contribution. If you look at engagement through this prism, it becomes a win-win relationship. The individual is getting what he or she wants from the job, and the organization is getting what it needs from its employees.

A Long Road Ahead

The process of creating a more engaged workforce is not easy. According to industry analyst firm Bersin & Associates, 71 percent of organizations in North America measure employee engagement, yet only 35 percent of HR practitioners believe that their engagement efforts led to positive business outcomes.[3]

You *can* weave engagement into the fabric of your organization, but it *will not* happen next quarter and *should not* happen solely to improve the results of your upcoming employee survey. Increased engagement is the long-term trajectory you will want to put your organization on.

The road is uncertain, but the returns can be great. The aim of this book is to wrap our arms around a concept that can sometimes be amorphous and bring practical solutions to the workplace. Not all workplaces are populated with highly engaged employees, but every organization can build—and sustain—a culture of high engagement. We will not sugarcoat it for you: it is a long road and demands sustained commitment from the executive team. But once established it will be the strongest competitive advantage you have.

If this is a commitment you are willing to make, we can show you the way. We share a practical framework to define engagement and the language to discuss it in practical terms. We articulate the roles that everyone in a workforce needs to play. We highlight the most productive strategies. We explain the pitfalls and lessons learned from those mistakes. And we challenge you along the way to ask yourself, “How engaged am I?”

Specifically, we will address how to

- Use a common definition and pragmatic framework for talking about employee engagement (Chapters 1 and 2).
- Lose your fascination with benchmarks and global trends and pay attention to the individualized engagement equations that are happening (or not) in every corner of *your* workplace (Chapter 3).
- Turn employee engagement into a shared responsibility and daily priority so everyone in your organization plays a role in solving the equation (Chapter 4).
- Take control of your own engagement. Dead batteries cannot jump-start others. If you are not fully engaged, your chances of creating a more engaged workforce are slim (Chapter 5).
- Build a culture to fuel engagement, and then protect it fiercely (Chapter 6).
- Create a crystal-clear organizational direction and work tirelessly to align all employees to that vision. If that is done correctly, they can take initiative and carry on (keep spinning) without endless intervention (Chapter 7).
- Open communication channels between managers and employees to ensure the constant dialogue required for employees to accomplish meaningful work (however

they define it) while simultaneously driving your strategies forward (Chapter 8).
- Define what a future in your organization looks like by redefining notions of *career*. Then equip all employees to manage successful journeys (Chapter 9).
- Develop a realistic approach to assessing return-on-investment for engagement initiatives (Chapter 10).
- Avoid the many pitfalls of engagement surveys; your survey scores are not the prize (Chapter 11).
- Map out your entire initiative. Get started with best practices—whatever your size or checkered history with engagement initiatives (Chapter 12).

Notes

1. Despite Experian’s initial “leap of faith,” they continue to refine their approach and monitor the relationship between engagement and business metrics, as detailed on page 223.

2. The unbroken world record for spinning multiple plates, verified as a Guinness World Record, is held by David Spathaky, assisted by Debbie Woolley, who spun 108 plates simultaneously in Bangkok, Thailand, on television in 1996. He had previously held and broken his own record four times since 1986.

3. Bersin & Associates, “Employee Engagement: A Changing Marketplace,” 2012.

Chapter 1

What Is Engagement Anyway?

> When the engagement you want isn't there, you don't need a survey to tell you that. You can feel it when you walk into the room.
>
> *—Keith Rodwell, group executive, BOQ Finance (a 137-year-old Australian financial institution)*

Critical but Elusive

Most people have experienced periods of full engagement at work. Yet as we have interviewed hundreds of executives and worked on engagement initiatives around the world, the lack of a common definition is striking. Ask one executive how she defines employee engagement, and you will get a vague statement about discretionary effort and motivation. Another might say it's about being in the zone or being married to the company. It is one of those experiences that is more easily described by engaged employees than defined by observers.

Ask those observers what engagement is, and you will still get disparate definitions. A problem with solving the mystery of employee engagement is that it's both critical to business success and elusive in its definition. But if we're going to move forward to discuss *increasing* engagement, we need to set up a common framework. First, let's consider some of the most popular definitions that don’t quite work for our purposes.

Engagement Is Not. . .

Satisfaction Alone

In the early days of employee surveys, the primary focus was on satisfaction. Organizations wanted to know what kept their employees happy. For many this pertained to preventing union mobilization. As the Western economies shifted from industrial to knowledge economies, the emphasis of organizational practices shifted away from satisfaction alone.

Yet many of the research firms stuck with that initial definition, rebranding early satisfaction surveys as *engagement* surveys. The result, sadly, is that today many people still equate engagement solely with job satisfaction. This early misnomer gave engagement a bad rap in boardrooms as a soft concept, far removed from any business drivers. Some believed it created a workforce of happy, entitled, and potentially unproductive employees. Why would any fiscally responsible businessperson want that?

Common measurements of satisfaction that are restricted to benefits, work environment, and compensation (essentially a customer satisfaction survey for HR policies) set organizations up for failure. They reflect a transactional employer-employee relationship that is only as good as your organization’s last round of perks or bonuses and cannot be sustained through market dips and organizational change. Psychologist Frederick Herzberg called these benefits *hygiene factors* that help prevent *dis*satisfaction, but do not necessarily *build* satisfaction. For example, increased compensation may not *increase* satisfaction, but unfair or inadequate compensation will cause *dis*satisfaction.[1]

Clearly, satisfaction alone is *not* engagement. If measured correctly, satisfaction *is* a critical ingredient.

Motivation

Some researchers point to theories of *intrinsic motivation* and encourage organizations to simply hire engaged (read, highly motivated) employees. This focus recognizes that engagement is not something your organization can do to its workforce. Having intrinsic motivation is a step in the right direction, because everyone in your workforce shows up every day with individual motivators, values, interests, and goals.

Still, employee engagement reflects a *relationship* between employees and employers, and as a result, *people cannot be engaged outside of the context of their job.*[2]

Commitment

Another mistake is to confuse the terms *engagement* and *retention* (even though they are closely linked). Most studies suggest that engaged employees are more likely than their disengaged colleagues to stay with the organization. However, many disengaged employees actually plan to remain—and do so for all the wrong reasons!

Engaged employees stay because they like their work—which is what they give to your organization in their engagement equation. The disengaged stay because of what they can get, such as financial rewards, career opportunities, job security, or comfortable working conditions. Intent to stay at a company, therefore, is not necessarily an accurate indicator of engagement. And retention of the wrong employees is simply bad business.[3]

Being disengaged by no means indicates a total lack of commitment, but a commitment to the wrong things.

Let's move on to the definition of engagement that we'll be using throughout this book.

$$EE = MS^{i} + MC^{o}$$

Full employee engagement represents an alignment of maximum satisfaction for the individual with maximum contribution for the organization.

To understand this definition *and help make it actionable for you as a leader trying to increase engagement levels*, we need to explore the relationship between employees and employers.

The Playing Field: The Job

Jobs represent the intersection of employees' personal pursuits and your organization's interests.

MC^{o} = Maximum Contribution

As a leader, you are no doubt aware of your organization's strategy for achieving success. That definition of success should be shaped by your organization's

- Goals, which reflect its mission (sometimes called a purpose or reason for being) and long-term vision (e.g., increased market share or specific financial targets)
- Core values or principles, which guide the decisions and behaviors of your workforce in pursuit of the organization's goals

In order for your organization's strategy to become reality, your employees must be willing and able to perform mission-critical tasks successfully. We call that *maximum contribution*. Jobs exist to drive your organization forward, to fulfill its mission, and to achieve its goals. In an ideal world, all employees deliver maximum contribution, but the reality is that on any given day, employees are, for multiple reasons, at different levels of job contribution.

News flash: what your organization needs for success is only half of the story and just half of the engagement equation.

MS^{i} = Maximum Satisfaction

Individual employees are on separate paths toward their own highly personal definitions of success. Sure, they need a paycheck. But they, too, have values, career aspirations, talents, development goal, and a need to fit their work into the broader context of their lives.

Unlike your organization's definition of success, there is no single definition of success shared by all employees. Individuals are all looking for work that works for them personally. We classify all those individualized interests under the label of *maximum satisfaction* at work.

Of course, employees, like your organization, don't always get exactly what they're looking for. They are achieving different levels of job satisfaction on any given day.

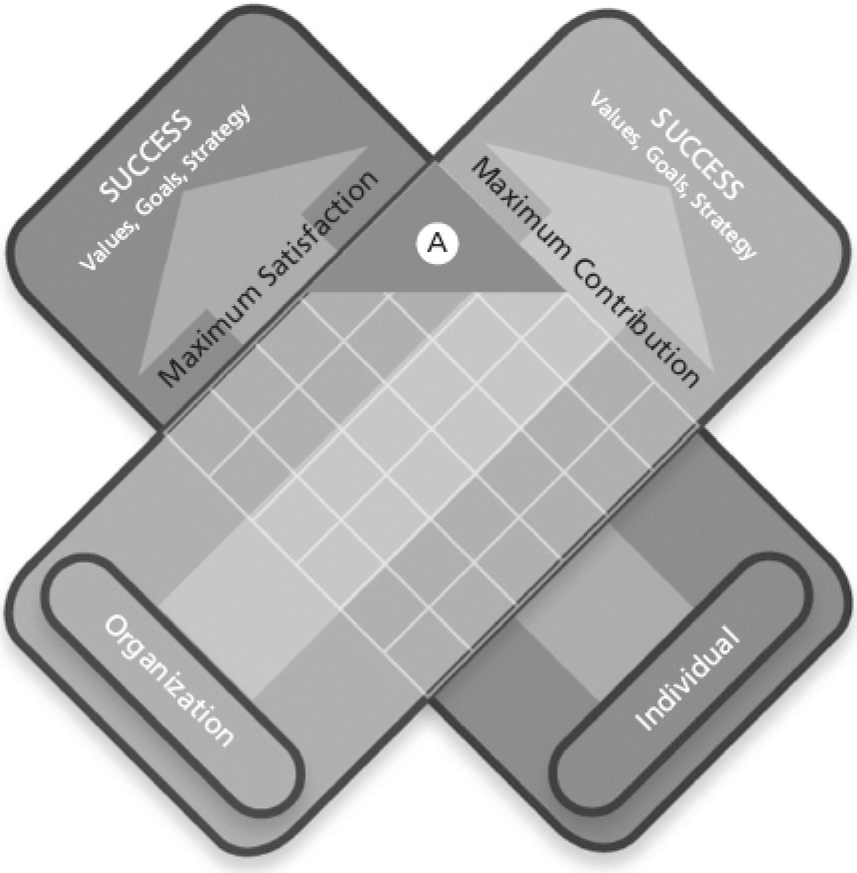
Engagement Happens at the Apex

Organizations are seeking maximum contribution from each individual toward corporate imperatives and metrics of success. Individual employees need to find purpose and satisfaction in their immediate work and have long-term visibility on a future with the organization.

The two are far from mutually exclusive and, in fact, feed off each other. The challenge for you is making sure that the mutually beneficial relationship is not left to chance, but managed skillfully to create sustainable levels of high performance. This is your engagement strategy.

At the apex of this model—(A) in Figure 1.1—*fully engaged employees are getting and giving the maximum*. Engaged employees are not just committed. Nor are they just passionate and proud. They have line-of-sight on their own future and a clear understanding of the organization's mission and goals. They are *enthused and in gear*, using their talents and discretionary effort to make a difference in the organization's quest for sustainable success.

FIGURE 1.1 The Employee Equation. The top of the diamond is the apex. Full engagement occurs at the alignment of maximum job satisfaction and maximum job contribution (A).


SUCCESS
Values, Goals, Strategy
Maximum Satisfaction
A
SUCCESS
Values, Goals, Strategy
Maximum Contribution
Organization
Individual

We want to emphasize the word *sustainable*. Most organizations can generate bursts of contribution in the short term using approaches other than engagement, but these will be short-lived. Building a culture of engagement takes effort, but once established it will sustain high performance in your organization over time.

For an animated description of this engagement model, go to www.TheEngagementEquation.com/theX.

I Know It When I See It

Here are some of the ways leaders worldwide described this equation:

- “Employee engagement is about mutual effort: The company must work to engage the employees, but the employees must repay with contribution. We have a saying in China that you must dedicate yourself first before you expect dedication in return. That’s a big part of our culture.” —Ann Huang, senior HR manager, Red Star Macalline, China’s largest furniture retailer, speaking about the win-win aspect of engagement
- “Having people stay with you is not a sign of engagement. There is always a risk of complacency in middle manager and senior manager roles. We see relatively little turnover, and Indian companies can’t face the idea of firing anybody after 10 years of service. In many ways it’s a hangover of the caste system in the corporate world. What is needed at this level is a resetting of expectations, a recalibration.” —Judhajit Das, chief human resources at ICICI Prudential, one of India’s largest private insurance companies, describing the need for alignment and contribution, not just satisfied employees
- “People need to be compensated well but it is only one tool. At certain levels, as you progress in your career, compensation will not do it. Responsibility, new projects, and opportunities are more important.” —David Norton, former company group chairman, global pharmaceutical giant Johnson & Johnson, on the importance of intangible motivators

Short-Term versus Long-Term Engagement

Engagement can fluctuate day to day based on the task at hand and events in the work environment. If it's a moving target, how can we refer to and act upon engagement? For the purpose of organizational engagement, we are talking about a mid- to long-term level of engagement: one that does not pertain to motivation around a specific task, but more in terms of an employee's relationship to his overall job. Each job will include enjoyable and productive tasks. It will also include less satisfying and less productive activities.

What we are interested in here is the balance for the longer term. Certainly when employees sit down to discuss career development or job satisfaction, they may have recent events top of mind. But with some encouragement, they will look back at the sum total of their contribution, their satisfaction, their working conditions, and their relationships. Employees will put up with specific less-captivating tasks if on balance their overall job is a fit for them.

Factors That Influence the Engagement Equation

There is a long list of variables that can influence any one person's ability to reach and sustain full engagement. Some can be controlled or influenced more easily than others because, as we described earlier, engagement is a complex, *individualized* equation. As a leader, you need to do your part, but always keep in mind that when we speak of an engaged workforce, it is really the sum of *each employee's* engagement.

If you want to learn more about why people are engaged—or not—you can spend days sifting through and comparing academic papers and the dozens of consulting firm studies.

You can also slice and dice your own organization’s engagement data, conduct endless focus groups, and speculate in closed-door leadership sessions. You would only be contributing to today’s engagement problem: too much analysis and too little focus on the practical tactics for *increasing* engagement.

In that spirit, we have chosen to highlight the most common factors that influence engagement as a foundation for taking action. The list is not meant to be exhaustive, but is in line with the common factors identified in most research in this area. According to one industry analysis, when it comes to engagement studies, “nearly all (89 percent) ask about career advancement, goal-setting and feedback, recognition and non-monetary rewards, and training and development in their surveys, suggesting that these aspects of work are the most common drivers of engagement.”[4]

Given our definition of engagement as the alignment of maximum satisfaction for the individual and maximum contribution for the organization, we’ve grouped the factors into the two broad categories associated with those axes of the model—plus a third *other* category. This approach is useful but is by no means rigid. As you will see, some things drive both satisfaction and contribution. (Alignment with organizational strategy and mission, for example, supports satisfaction through a sense of belonging and meaning and contribution through clearly defined work priorities and expectations.)

Satisfaction

Compensation

You will quickly realize that we spend little time in this book discussing the role of compensation in engagement. There are a couple of reasons for this, but that is not to say compensation is not part of the picture. In a nutshell, compensation is an effective tool for *attracting* talent to the organization. It is also effective in helping *retain* people. Top talent will leave if, over time, their pay falls out of parity as their skills and experience develop.

When it comes to engagement, many studies have demonstrated that compensation alone (beyond a certain income level and as long as it is seen as fair) matters little. Nonfinancial engagement levers yield bigger long-term rewards at a much lower cost.

Career

Career development is often at the top of the list when employees are asked what will most improve their satisfaction. Yet items such as “I have career opportunities here” are often the lowest scoring of all in engagement surveys.[5] In response, many leaders think, “We have to create more jobs or provide clear-cut career paths,” but it’s not such a straightforward fix. When employees want support for their career, they may be looking for

- New challenges or experiences
- The acquisition of knowledge and skills
- Confidence that there is a future at your organization
- The next step in their long-term career aspirations (which may not be a promotion)
- Support in sorting through the many opportunities that they might actually have at your organization
- Someone to tap them on their shoulder and tell them what to do next

The last bullet highlights your challenge as a leader: everyone wants a career, but employees don’t necessarily know what they—or their employer—mean by the term. And if employees are not clear on their personal definition of success, they will not be able to achieve it in your organization or any other. This is such a complex dilemma that Chapter 9 is devoted to it.

Job Fit

Job fit can be broken down into the work itself and the conditions under which the work is accomplished. Engaged employees like the work that they do because

- It satisfies their values and interests.
- It allows them to use their unique talents (and, therefore, they are successful).
- It is stimulating and provides opportunities to grow.
- It matters—to other parts of the organization, to customers, or to the larger community.

One way to describe this aspect of fit is *meaningful work*. Meaningful work is not an external definition of do-good jobs that save the world. It happens when employees find satisfaction and fulfillment in what they do every day. Do not overlook employees' relationship with their work because if someone hates what he does every day, no amount of inspirational leadership or recognition will make up for it for long.

A job's *conditions* determine how the work gets done. They reflect the organization's work environment and the particular requirements of a role, such as

- Control over how results are achieved
- Involvement in decision making
- Need for collaboration with colleagues
- Degree of formality (in dress code and office behavior)
- Hours of operations
- Manager involvement and style

Engaged employees have found roles or created situations that satisfy their personal values, work style, and current life outside of work. Their work *works* for them.

Of course, when we talk about *meaning, involvement, recognition, work/life balance*, and even *career*, keep in mind that these are intangible terms, like *beauty*. They are highly subjective and open to individual interpretation. For example,

- A project that would bore one person to tears might captivate another.
- A role that would meet one person's need for freedom, challenge, and growth might not fit someone else's need for a more structured, predictable work setting.
- A work environment that one person would find brutal might be exciting and stimulating to another.

So despite what you see depicted on television or in movies, there are very few truly bad jobs. The way employees feel about their jobs depends on their personal values, goals, and overall definitions of success at work. As your mother might have said when as a teenager you expressed disbelief at an unlikely couple walking down the street ("I don't know what she sees in him!"), "Every pot has a lid."

The implication for you as you build a more engaged workforce: the perfect match that fuels engagement requires the continuous efforts of employees, managers, your HR systems and practices—and it will change as organizational priorities shift and employee needs evolve. How many employees on your team are doing the exact same job they were doing three years ago?

Recognition and Rewards

If you have been in the workforce a while, you probably have a story of rewards or recognition gone bad—where an