



# EMPLOYEE ENGAGEMENT

BUILDING BRANDS FROM THE INSIDE OUT

**DISENGAGED EMPLOYEES COST  
THE U.S. ECONOMY \$300 BILLION  
A YEAR IN LOST PRODUCTIVITY  
COSTS. WHAT ARE THEY COSTING  
YOUR COMPANY?**

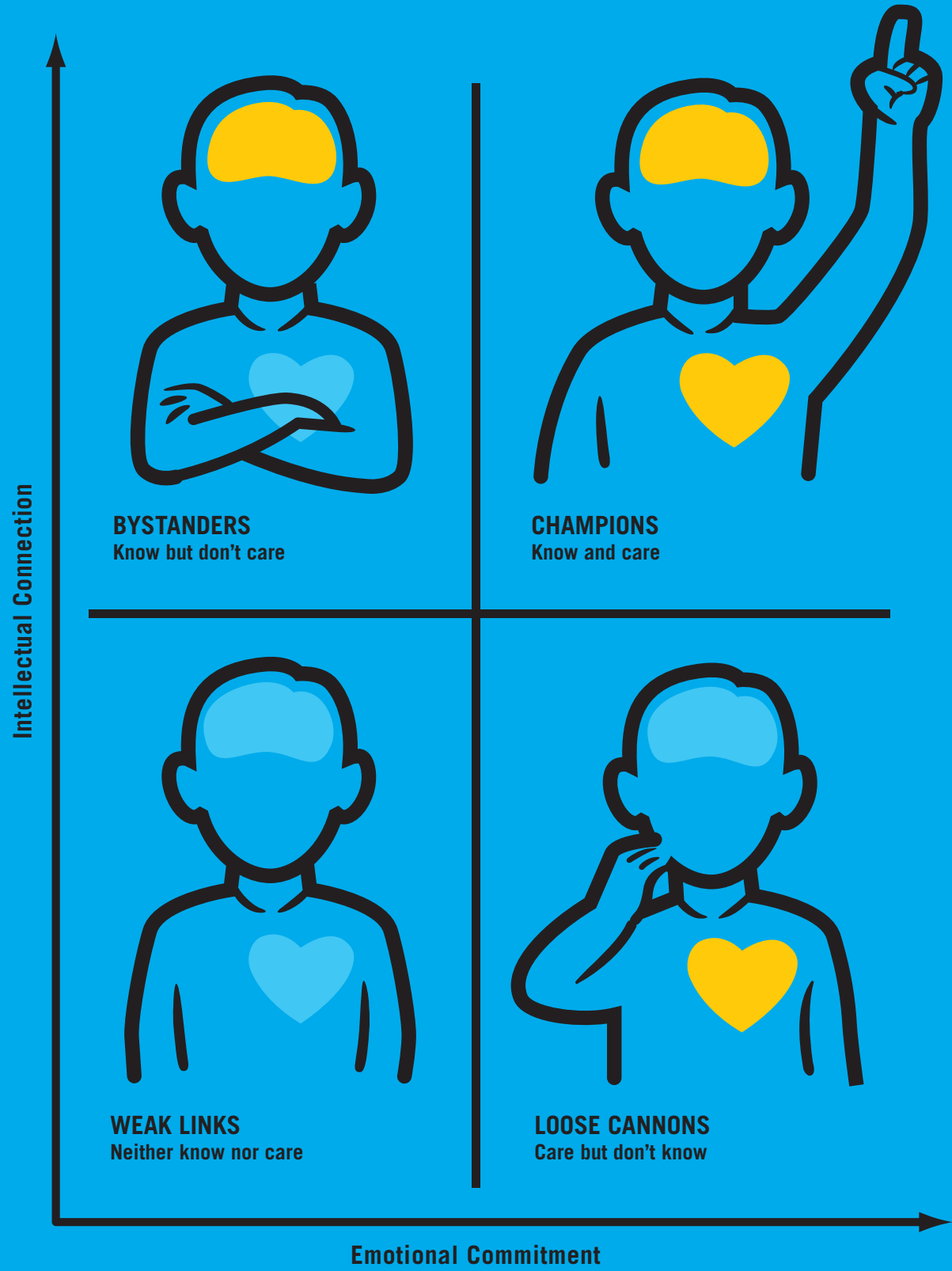
GALLUP POLL, 2004

# **EMPLOYEE ENGAGEMENT**

**BUILDING BRANDS FROM THE INSIDE OUT**

# THE FOUR CATEGORIES

# OF ENGAGEMENT



ENTERPRISE IG BUY-IN MATRIX

Consider the average company. Assume that the ideal employee is someone who both understands what the company is trying to do and is emotionally committed to helping it succeed. What proportion of employees do you think fall into this category? 80%? 60%? 40%?

Well, keep lowering your estimate. In the average company, this type of employee—called a brand **champion**—is outnumbered more than two to one by other types of employees. Some employees—the **loose cannons**—may care about what the company is trying to do but don't know what to do about it. Others—the **bystanders**—know what the company is trying to do but don't care. And still others—the **weak links**—neither know nor care. To make matters worse, in the average company these weak links make up the biggest group—almost 40%<sup>1</sup> (see *the Enterprise IG Buy-in Matrix on page 2*).

That's the bad news. The good news is that this means most companies have tremendous upside potential. What would happen if they could find a way to turn the loose cannons, which number about 30%, into brand champions? How would the atmosphere and performance change if companies found a way to turn the weak links into committed, knowledgeable employees?

## IN THE AVERAGE COMPANY, BRAND CHAMPIONS ARE OUTNUMBERED MORE THAN TWO TO ONE BY OTHER TYPES OF EMPLOYEES.

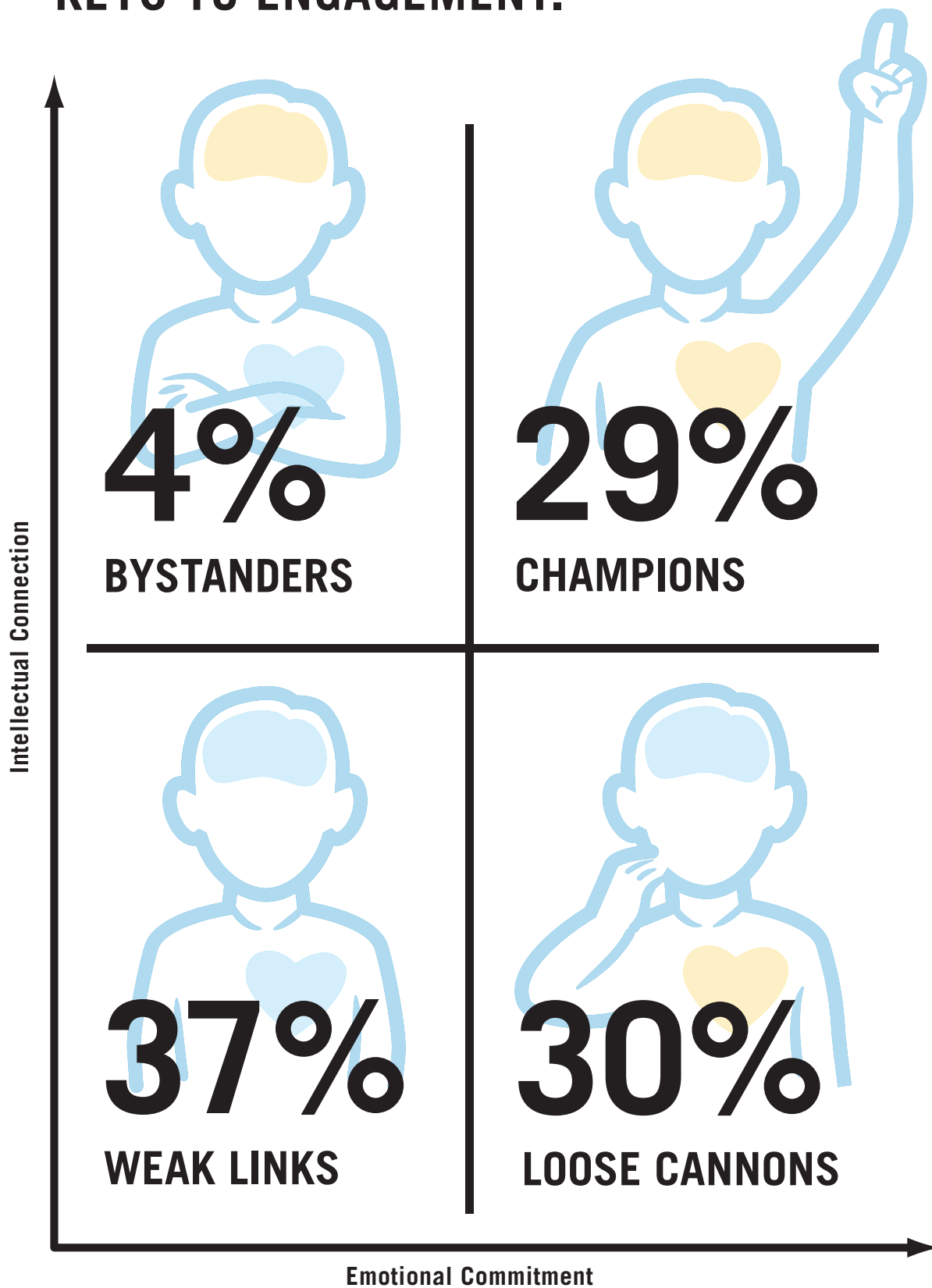
Internal communications, internal marketing, internal branding—call it what you will—the idea that it's important to get employee buy-in to company goals and strategies has been around for decades. Vast amounts of time, money and effort have been expended trying to motivate employees, to create cultures and companies that really zing with energy and enthusiasm. Yet, over this time, things have actually gotten worse. According to one survey, only 19% of employees think their employers involve them in open, effective communication.<sup>2</sup>

However, it is possible to get it right. Look at any outstanding corporate success story over the past few decades, and somewhere along the line you'll find that its people policies—its ability to engage its employees and earn their commitment—play a crucial role in its success.<sup>3</sup> Compare Southwest Airlines and its counterparts in the U.S. airline industry, for example. Or Tesco and standard retail practices in the U.K. Or Toyota and the fallen giants of the U.S. motor industry—General Motors and Ford—both now boasting junk bond status for their debts.

Whether it's cause or effect is a moot point. Almost certainly it's a combination of the two. The fact is, organizations that create and nurture brand champion employees

Illustration: Christoph Niemann

## TOGETHER, THE TWO INGREDIENTS OF INTELLECTUAL CONNECTION AND EMOTIONAL COMMITMENT ARE THE KEYS TO ENGAGEMENT.



### ENTERPRISE IG BUY-IN MATRIX

Note: The percentages above represent average proportions of champions, bystanders, loose cannons and weak links. Source: *Enterprise IG Buy-in Benchmark research, 2005.*

perform better. In one U.K. cable company we worked with, for example, the proportion of brand champions more than doubled, from 22% to 53%, over 12 months. After a three-month lag, its customer churn began to fall dramatically, adding significantly to the bottom line. Another client, a leading U.K. retailer with a 57% brand champion employee rate, has consistently outperformed the U.K. stock market. How do such companies achieve these figures?

#### WHAT IS ENGAGEMENT?

Being engaged is something special. Your mind is alert and absorbed. Your emotions are heightened. Your attention is focused, and your *behavior is channeled*. True engagement, then, is about behavior. It's not the same as, say, "satisfaction," which is passive. That's why familiar and overused measures such as employee satisfaction actually tell us nothing about how engaged people are.<sup>4</sup> Likewise, engagement is not about awareness or familiarity with a particular message. Internal branding, internal marketing and internal communications are all important supporting acts in brand engagement. But if left alone simply as communications, they merely scratch the surface.

## FAMILIAR AND OVERUSED MEASURES SUCH AS EMPLOYEE SATISFACTION ACTUALLY TELL US NOTHING ABOUT HOW ENGAGED PEOPLE ARE.

Real engagement goes much further. The first thing it does is encourage on-brand behavior. What this means will vary greatly, depending on employees' roles. They need a deep understanding of what the brand stands for, and what this means for their daily activities. This underlies the first of engagement's two essential ingredients: **intellectual connection**. That is, knowing what, why and how.

The second thing engagement does is motivate people. Think of all the qualities companies truly value employees for. The creativity and imagination that lead to problem solving, innovation and growth. Or the sense of purpose that gets them working together in the same direction, as teams, even when the going gets tough. What unites these examples is that they cannot be specified, commanded or controlled in a job description. Yet when employees bring them to work, the company zings with energy. This is the second key ingredient of engagement: **emotional commitment**.

#### HEARING, BELIEVING AND LIVING

Together, the two ingredients of intellectual connection and emotional commitment are the keys to engagement. So why does it happen so rarely? Engagement happens when employees *hear* the message, *believe* the message, and then *live* or act upon it.

But bringing intellectual connection and emotional commitment together, in the right way, through all these stages isn't easy. In fact, it's easier to get it wrong than it is to get it right. Let's consider some of the pitfalls, starting with the absolute basics.

First, it's not possible to devise a robust engagement program if managers don't understand their current performance. That's why analyzing current employee attitudes and segmenting employees into the four categories of engagement outlined earlier is a good starting point.

#### ENTERPRISE IG BUY-IN BENCHMARKS

*Our research across global organizations over the past five years has shown large variations in the levels of engagement. The number of champions in any company can range from as low as 8% to as high as 72%.*

	LOW	HIGH
<b>CHAMPIONS</b> KNOW AND CARE	8%	72%
<b>BYSTANDERS</b> KNOW BUT DON'T CARE	1%	17%
<b>LOOSE CANNONS</b> CARE BUT DON'T KNOW	12%	47%
<b>WEAK LINKS</b> NEITHER KNOW NOR CARE	8%	63%

*Source: Enterprise IG Buy-in Benchmark research, 2000-2005; 75,000 employees across 25 multi-national organizations.*

Such analysis can be sobering. It also helps to surface where and what the problems are. For example, one motor dealership found that a key department was staffed entirely by weak links and loose cannons, without a brand champion in sight, while some of its other departments consisted mostly of brand champions. Research like this can quickly help identify where engagement challenges exist. The question, then, is how to address them.

#### HEARING

For engagement to work, employees must HEAR the message. Yet, in most companies, many (if not most) employees don't really know what their brand stands for, what the company is trying to achieve or how. The solution is simple, you might say. Just tell them. Trouble is, in most companies employees are already drowning in a sea of information and messages. A study in one company counted the number of words and numbers an employee received over the course of three months. The total was 2.3 million. This company was in the middle of a change program. How much information did the employee receive about the change program over the same three-month period? A total of 13,400 words and numbers. That's less than 1% of the total—not enough to be noticed at all.

## 36% OF COMPANIES HAVE A DEDICATED PROGRAM OR INITIATIVE FOR EMPLOYEE ENGAGEMENT.

## 16% OF THOSE SURVEYED BELIEVE EMPLOYEE ENGAGEMENT LEVELS ARE HIGH.

### EMPLOYEE ENGAGEMENT REPORT, MELCRUM PUBLICATION, 2004

The fact is, most companies are still not good at communicating with their employees. This is where marketing skills are essential. People turn off from monologues, but they engage in conversations. Yet many corporate communications simply talk to, or at, employees rather than create a conversation with them.

A second pitfall is getting the mix of intellectual connection and emotional commitment wrong. Employees need to have a clear and powerful view of what they are part of and where the brand and business are going, why this is right, and how they will get there. Some companies err on the side of too much emotion. They love firing up their employees with great and exciting missions and visions—but they back this up with hardly any intellectual grounding. In the sober light of day, employees don't really understand exactly what they need to do or why. Great hopes. Few results.

Other times, companies present a complete, irrefutable, watertight case for a particular course of action. Nobody in his or her right mind could disagree. And nobody does. But what's missing is that all-important ingredient of inspiration. While the message touches the head, it leaves people's hearts stone cold. What frontline staff need here may be very different from what line managers need, and it differs by job role, professional qualification and geographical region. The marketer's art of audience segmentation is an essential skill if this mix of intellectual and emotional engagement is to be achieved across the entire organization, rather than in just parts of it. Perhaps even more important is who employees hear the messages from. The most important channel of all is other people. Especially line managers.

There's a real issue here, because managers are often the biggest obstacle to change. A *sine qua non* for any successful attempt to engage employees is senior management's own engagement. If the organization's leaders don't see the effort as a genuine priority, then frankly it's probably not worth the bother. But even if there is genuine buy-in at the top, the effort will never achieve real employee engagement by itself.

If line managers don't become champions, the chances of employees joining their ranks are slim indeed. As soon as any message descends on rank-and-file employees "from the top," the first thing they do is look into the whites of their own line managers' eyes to see if they genuinely believe it, if they properly understand it, if they *mean* it. And it's here that any disconnect between stated objective and behavior—between word and deed—will be instantly spotted.

## IF THE CEO IS APPEALING OVER THE HEADS OF HIS OR HER LINE MANAGERS TO RANK-AND-FILE EMPLOYEES, HE OR SHE HAS PROBABLY ALREADY LOST THE BATTLE.

Trouble is, line managers are often the hardest to convince. They've "seen it all before." They can often see the disconnects between senior managers' stated objectives and their day-to-day behavior. Line managers want a peaceful life and are inclined to keep their heads down and wait for it all to blow over. So communication programs are just the start. Hearing without believing isn't enough.

### BELIEVING

Actions speak louder than words, and BELIEVING begins when actions provide evidence. Believing happens when the message becomes real for *me*, in *my* job, day-to-day. If engagement is all about behaviors rather than just attitudes, engaging people happens via the day job. This requires often painstaking dialogue about the implications of the brand at an individual and team level, where the day-to-day work gets done.

Most employees want to do a good job. Most frontline employees want to serve customers well. What kills commitment and engagement is when these natural, positive desires are stymied by back-office systems that hinder rather than help or policies that place employees in conflicting rather than win-win positions with customers. U.K. retailer Tesco has a simple acid test for all internal initiatives: simpler, better, cheaper. Is it simpler for employees, better for customers, and cheaper for the company? If it's all three, then do it. If it's not, then reconsider. Is there a way to make it simpler, better and cheaper? When employees' work experiences change for the better, attitudes tend to change for the better. Changing attitudes without changing experiences is unsustainable.

### LIVING

That's why LIVING the brand is so important. This is where the day-to-day operational implications of the brand message are embedded into the sinews of the organization: where the nitty-gritty of aligning work patterns and priorities, systems, policies, incentives, processes, structures and recognition systems takes over. To deliver a great brand experience to customers, employees must be supported every step of the way, with the right training, tools, processes, incentives, materials, management backup and so on. The U.K. bank First Direct stands out from the crowd in terms of customer experience, satisfaction and word-of-mouth recommendation. It's no accident that First Direct recruits employees who fit with its brand personality, and organizes its internal processes around helping employees deliver friendly, efficient service. The entire organization is clearly aligned around what the brand stands for.



360° BRAND EXPERIENCE

This is important because everything communicates, so companies need 360° communication strategies. *Every* customer touchpoint is a communication opportunity, or disaster. Likewise with employees. For example, what message does the company's working environment send to employees about its "real" priorities and attitudes? Or its intranet, internal magazine, emails, guidelines, etc.?

Exhorting frontline employees to "put the customer first" and then creating performance management systems that penalize those who do is a classic but all-too-common mistake. Wrongly designed systems can be hugely demotivating. Even well-designed reward systems rarely motivate by themselves. Positive motivation often comes from other, more emotional things, such as the company's reputation, pride in a job well done, status or a sense of identity or community.

**The brand needs to be reinforced throughout the employee journey to enable employees to deliver a powerful brand experience to customers.**

#### KEEPING AT IT

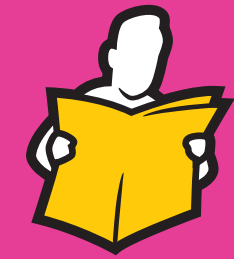
##### SUSTAINED COMMUNICATION

When it comes to employee engagement, there are two words that should forever be kept apart: "communication" and "campaign." All too often, companies turn on employee communication when they feel they really need it, and then turn it off again as other priorities seize their attention and they get absorbed in their day job. They haven't realized yet that continuous engagement *is* their day job. If engagement is just a campaign rather than "how we do things around here," then not only will it be ineffective, it may even be counterproductive. Why? Because campaigns and initiatives that are seen not to work—especially after the first flushes of enthusiasm—breed disappointment and cynicism. Conversely, nothing motivates like success: tangible, visible evidence that things are getting better.

##### RECOGNITION & REWARD

That's why recognizing and celebrating successes is so important. Yes, many salesperson-of-the-month style employee recognition programs are cheesy. But the best programs deliver a compelling message about what the company is really trying to do. Take BP's efforts to show employees that its commitment to social and environmental responsibility is for real and not just PR-inspired lipstick on the gorilla. BP's Helios Awards highlight best-practice examples in ways that both inspire employees and demonstrate sound down-to-earth business principles.

One Helios Award winner was a three-year investment and development project set up to help communities in Azerbaijan, Georgia and Turkey that were affected by BP's Caspian pipeline developments. Just some of the long-term benefits for the communities include job and income generation; better farming yields; and improved access to schools, medical facilities, irrigation, sanitation and drinking water. This project, and others like it that are recognized through the Helios Awards, reflect new ways of working that can benefit the global BP community.



Hear About



Join



Work



Achieve



Leave

## THE EMPLOYEE JOURNEY



## BP LENDING A HELPING HAND BY SUPPORTING LOCAL COMMUNITIES

### MEASUREMENT

It's astonishing but true: When it comes to employee engagement, most companies don't consistently monitor the effectiveness of what they do. They fail to ask acid-test questions such as "Do employees really understand what they should be doing?" and "Do they feel that positive changes are happening?" Or, if they do monitor effectiveness, some companies don't do anything with the findings.

**34% OF COMPANIES HAVE A STRATEGY FOR MEASURING INTERNAL COMMUNICATION.**

**52% OF COMPANIES RUNNING ENGAGEMENT SURVEYS DO NOT STATISTICALLY ANALYZE KEY DRIVERS AFFECTING ENGAGEMENT.**

EMPLOYEE ENGAGEMENT REPORT, MELCRUM PUBLICATION, 2004

## CREATING ENGAGEMENT

But what about those weak links, loose cannons and bystanders? Is all this enough to convert them to true engagement? In some cases, the answer is no. Some weak links are so disengaged that it's best for the two sides to part company. Other times, weak links have the potential to be your biggest champions. They want to believe, but they can't. Often, it's the organization, not the employee, that's at fault. Ensuring that there are **compelling** and **true** reasons to believe can help employees on the journey to becoming a champion. Often, however, what many employees actually experience are unconvincing lies or just muddling confusion.

AT&T was once one of America's biggest and most successful companies. Today its survival is in doubt and its stock has junk bond status. Throughout its long decline, many attempts were made to launch "a new AT&T." Dick Martin, former VP of public relations, employee communications and brand management, recalls in his book *Tough Calls* how unsuccessful they all were.<sup>5</sup> All the campaigns' "focus had been external," he writes. "They were designed to convince the outside world that it had underestimated the company."

"Unless it is preceded by an effective internal campaign," Martin states, "any such positioning program is built on sand. No one outside the company will believe a message that is not reflected in their experiences with the company. And no one inside the company will believe a message that does not comport with what he sees on the job every day." In other words, weak links are usually products of weak strategies, weak leadership and weak excuses.

Sometimes, the very mechanics of brand engagement and internal communication cause problems. To work, brand engagement needs to bring the CEO, Marketing and Human Resources together for a common cause. But all too often it's a trigger for internal turf wars. Marketing, frustrated that employees aren't delivering on the promises they make to customers, wants to muscle in on HR's patch. HR spies an opportunity to extend its influence beyond the routine of recruitment, training, and terms and conditions to become a "strategic" partner to the CEO. Jostling for power immediately sabotages the very thing that's needed to create engagement—mutually supporting alignment between different levels of management and across silos.

This is no trivial point. When business school researcher Jody Hoffer Gittel set out to understand what set Southwest Airlines apart from its U.S. competitors, she found high levels of shared goals, shared knowledge and mutual respect.<sup>6</sup> At American Airlines, mutual suspicion among groups of employees was endemic. As one employee remarked: "They all think they're better than each other. Gate and ticket agents think they're better than the ramp. The ramp think they're better than the cabin cleaners. The cabin cleaners look down on the building cleaners." At Southwest, employee groups were all much more focused on helping one another improve the customer's experience.



**NO TURNING BACK**

But is engagement really that important? You bet it is. It's more important than many CEOs, HR Directors and Marketing Directors realize, even now, because it reflects one of this century's biggest changes in economic and competitive dynamics.

## “EVERYONE IS RESPONSIBLE FOR DELIVERING OUR BRAND POSITIONING, AND EVERYTHING WE DO EITHER BUILDS OR UNDERMINES THAT BRAND.”

ARUN SARIN, CEO, VODAFONE

In an industrial-age economy, all that was needed for improved productivity was to tie employees to their machines and make sure they kept pace. If employees left their hearts and minds at home that was just fine, because hearts and minds got in the way of their appendage-to-the-machine functions. But today, more and more companies are realizing that it's the things machines cannot do—things like peering into the future to imagine alternative possibilities, being creative, empathizing with another person's feelings, being motivated and having a sense of purpose—that energize companies and give them a competitive edge.<sup>7</sup> This realization is taking us in a new direction, toward increasing rather than reducing our dependence on the qualities of our people.

Brands and engagement are part of this new direction. Brands are becoming central organizing principles for organizations, providing a framework against which to apply and communicate customer insight, strategic goals and objectives, and organizational initiatives. They act as a code of conduct and a guide to “the way we do things around here.” They provide the intellectual and emotional answers to the three questions every organization has to answer: Where do we want to get to? Why do we want to get there? And how can we do so?

**Brand is a verb, not a noun. It's about what we do.** We need engaged employees to build brands. We need brands to engage employees. Creating the right connection between the two is an issue that no board can afford to ignore.

## 360° EMPLOYEE ENGAGEMENT

- CREATE AN ALLIANCE BETWEEN THE CEO, MARKETING, AND HR
- CONNECT EMPLOYEES TO CUSTOMERS: PAINT SIMPLE, RELEVANT, INSPIRING PICTURES
- FOCUS ON THE LINE MANAGERS
- TRANSLATE THE BRAND PROMISE INTO RELEVANT AND MEANINGFUL BEHAVIORS
- ENGAGE IN DIALOGUE, HAVE CONVERSATIONS AND SHARE STORIES
- ALIGN THE EMPLOYEE EXPERIENCE WITH THE CUSTOMER EXPERIENCE
- PROVIDE VISIBLE AND TANGIBLE SYMBOLS OF SUCCESS
- LISTEN, MEASURE, RECOGNIZE AND REWARD

<sup>1</sup> Based on Enterprise IG's Buy-in Benchmark research on more than 75,000 employees across all levels of seniority and all industry sectors.

<sup>2</sup> Watson Wyatt survey, 2002.

<sup>3</sup> According to a recent meta-analysis of hundreds of studies conducted on Organizational Citizenship Behaviors (OCBs)—that is, extra-role or “beyond-the-job” behaviors that employees volunteer on top of their core job descriptions—they can account for up to 25% of the variance in financial performance in successful companies. Podsakoff, P.M.; MacKenzie, S.B.; Paine, J.B. & Bachrach, D.G. 2000 *Journal of Management*, Vol. 26, Issue 3, pp. 513-563.

<sup>4</sup> In the U.K., the Accounting Standards Board is currently suggesting that companies report on employee satisfaction measures as part of the newly introduced Operating and Financial Reviews, or OFRs. Nice intentions, but a flawed move nevertheless.

<sup>5</sup> Dick Martin, *Tough Calls*, American Management Association, 2004.

<sup>6</sup> Jody Hoffer Gittel, *The Southwest Airlines Way*, McGraw-Hill, 2002.

<sup>7</sup> See H.B. Cohen, 1998, The Performance Paradox, *Academy of Management Executive*, Vol. 12, Issue 3, p. 30.

**PLEASE LOOK AT THE FOLLOWING CHECKLISTS AND SELECT THE ONE THAT COMES CLOSEST TO YOUR ROLE. ANSWER THE QUESTIONS HONESTLY. IF YOU ANSWERED "YES" ONLY A FEW TIMES, YOU MIGHT WANT TO GIVE US A CALL.**

#### CEO QUESTIONS

- Do you know, qualitatively and quantitatively, how committed your people are to your brand(s)?
- Are you and your senior team clear about what your brand stands for, and could you all explain it to your employees in a consistent, compelling way?
- If commitment to on-brand behavior requires changes of you and your top team, would you be committed to making them?
- Are your Marketing and HR people talking to each other with a shared agenda rooted in a better experience for the customer/consumer?
- Does employee engagement feature in your personal set of key priorities?

#### MARKETING QUESTIONS

- Are you convinced that all people in the organization, especially the customer-facing employees, understand what you are trying to do with the brand and what it means for them?
- Is internal engagement one of the priorities in your brand plans, with a clear set of measurable actions?
- You meet with your agencies regularly. Do you also meet with HR colleagues and line managers to consider the implications of your brand promise for your employees?
- Do you set aside a budget for internal brand engagement, recognizing it as a critical part of true 360° brand activation?

#### HR QUESTIONS

- Are you clear about the brand promise and its implications for different parts of the organization?
- Do you have a reward and recognition program linked to on-brand behaviors?
- Does on-brand behavior feature in employees' key performance indicators?
- Do you have regular meetings with Marketing colleagues and line managers to discuss the implications of your brand promise for different employee groups?
- Are you measuring employee commitment, not just employee satisfaction?

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We help clients realize their brand's full potential. By engaging employees in the understanding, practice and spirit of their brand, we also ensure that they are supported by the proper alignment of the business.

Our offering is delivered by specialists in employee insight, diagnosis and measurement, internal communications strategy, leadership engagement and team building, and the creation and management of behavior change.

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