

World-Class Employee Engagement Practices

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Introduction

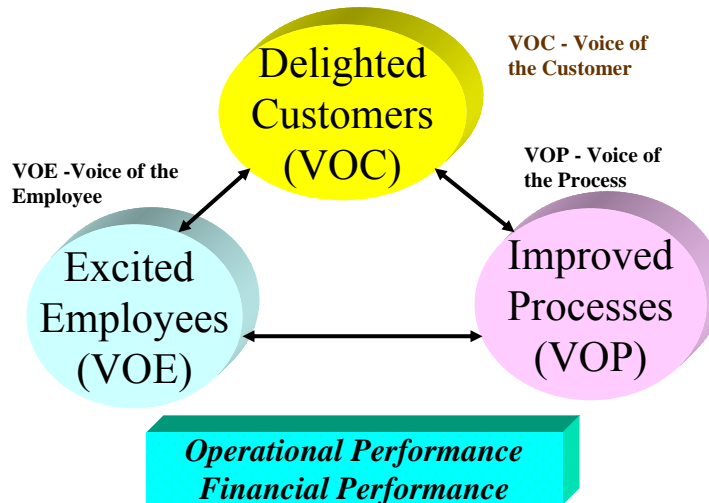
- **A Case for Employee Satisfaction and Economic Justification - Why**
- **Employee Value Principles - What**
- **Employee Value Practices - How**
 - **Focus on Employees**
 - **Employee Participation**
 - **Employee Motivation**
 - **Employee Development**
- **Best Practice Examples**
- **Major References**



Personal Background

- **Coach, Employee Recognition and Suggestion Processes, Pinnacle Business Solutions, Inc., N. Little Rock, AR (2006-2007)**
- **Judge, International Asia Pacific Quality Award Program (2004-present)**
- **Employee Value Presentations around the Globe (2000-present)**
- **Team Leader - Volunteer Recognition Process at ASQ National level (1999-2000)**
- **Chair, Judges' Selection & Training sub-committees, Illinois Team Excellence Award Program (1993-99)**
- **Vice Chair, Recognition, Northern Illinois Quality Conference (1997-present)**
- **Key member of ASQ Chicago Section Recognition & Awards (R&A) Process (1992), Chair of R&A Committee (1995-96)**
- **Team Leader - designed, developed, and implemented Recognition & Celebration process at AT&T Bell Laboratories (1991-94)**
- **Extensive Benchmarking on Recognition Process. Provided Benchmarking Consultation on Recognition Process to various organizations around the globe (1992-present)**

Management of Critical Voices



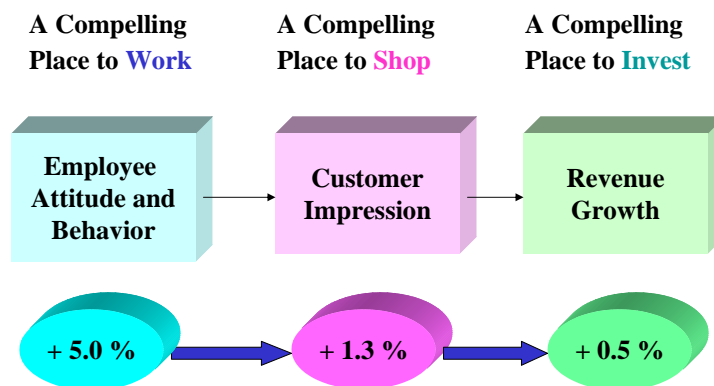
Employee Satisfaction in TQM

- The Employee-Customer-Profit Chain Model at Sears is similar to a Balanced Scorecard (1998).
- Vision: Sears, a compelling place to Work, to Shop, and to Invest (**3 C's**).
- Shared Values: Passion for the customer, Our people add value, and Performance leadership (**3 P's**).
- Two dimensions of employee satisfaction had greater effect on employee loyalty and behavior towards customers:
 - **Attitude toward the job**
 - **Attitude toward the company**

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Employee-Customer-Profit Chain, Sears, USA



Source: Rucci et al., Harvard Business Review, 1998.

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Economic Justification

➤ A Seminal Study of 22 companies who received a Site Visit or won the Baldrige Award (1988-1991):

- ✓ **Improved employee satisfaction**
- ✓ Improved customer satisfaction
- ✓ Improved operational parameters
- ✓ **Enhanced financial performance**

Source: US General Accounting Office study (GAO NSIAD 91-190, May 1991).

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Employee Satisfaction Results

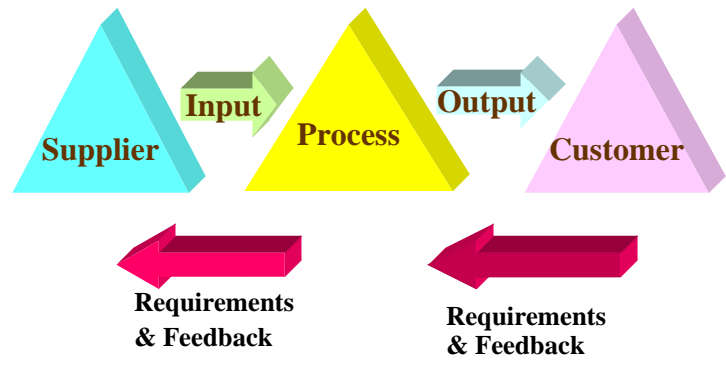
Parameter	Average Annual % Improvement	Favorable Indicator	Unfavorable Indicator	No Change
Employee Satisfaction	1.4	8	1	0
Attendance	0.1	8	0	3
Turnover	(6.0) ↓	7	3	1
Safety & Health	1.8	11	3	0
Suggestions Received	16.6	5	2	0

A total of 18 companies responded.

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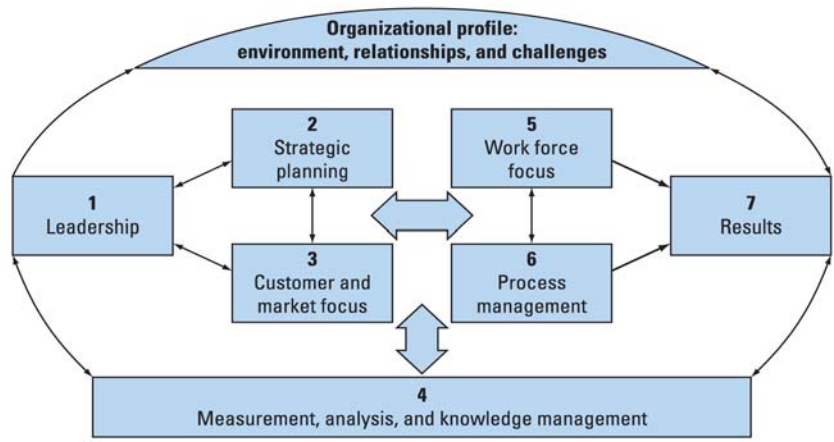
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Customer-Supplier Relationship



Source: AT&T PQMI, Issue 1.1, 1988.

Baldrige Criteria Framework: A Systems Perspective



Baldrige Criteria: Workforce Focus*

5. Workforce Focus (85 pts.)

5.1 Workforce Engagement (45 pts.)

- a. *Workforce Enrichment*
- b. *Workforce and Leader Development*
- c. *Assessment of Workforce Engagement*

5.2 Workforce Environment (40 pts.)

- a. *Workforce Capability and Capacity*
- b. *Workforce Climate*

7.4 Workforce-Focused Outcomes (70 pts.)

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ISO 9000:2000 Principles of Quality Management

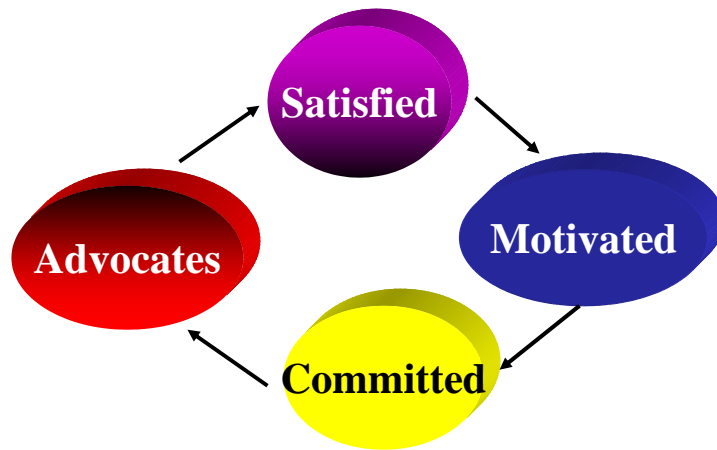
ISO has determined eight quality management principles that focus on business excellence with an emphasis on customer satisfaction:

- **Customer Focus**
- **Leadership**
- **Involvement of People: *Involvement of all employees at every level enables each person to utilize their abilities to benefit the organization***
- **Process Approach**
- **Systems Approach to Management**
- **Continual Improvement**
- **Factual Approach to Decision Making**
- **Mutually Beneficial Supplier Relationships**

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Employee Engagement Model



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Focus on Employees

➤ Gallup Study:

- Over one million employee surveys
- Over 80,000 manager interviews
- Broad range of:
 - Companies
 - Industries
 - Countries

Source: First Break All the Rules, Buckingham & Coffman, 1999.

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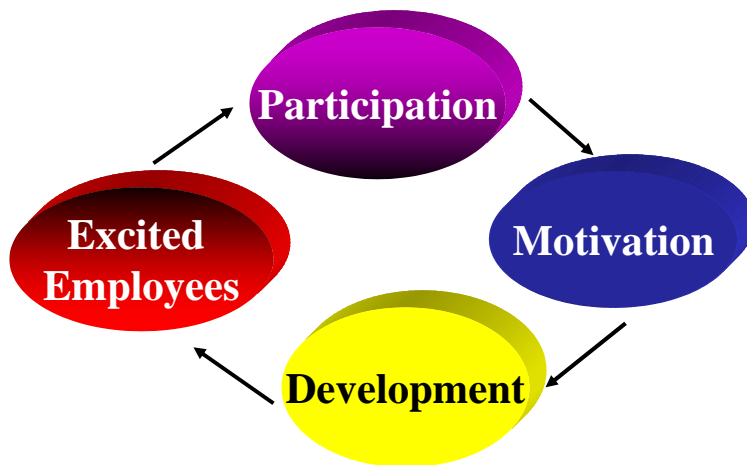
Focus on Employees

- **Select a person** ... based on talents (and train the person for skills)
- **Set expectations** ... by defining the right outcomes (not the right steps)
- **Motivate a person** ... by focusing on strengths (not on weaknesses)
- **Develop the person** ... by helping him/her find the right fit (not the next rung on the ladder)

Source: First Break All the Rules, Buckingham & Coffman, 1999.
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Employee Excellence Model



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Employee Participation

➤ New Employee Orientation:

- Overview of Company (provide a big picture)
- Organization structure, Company history
- Key Products/Services
- Key Markets/Customers
- Strategic Direction - Vision, Mission, and Values
- Executive Presence a definite plus
- Within few weeks of new hires in the company



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Employee Participation

➤ Mentoring (Social & Technical):

- Assign two mentors - Social & Technical
- Cuts down the Learning Curve of new hire
- Win-Win for new employees and the company (better assimilation, productivity, and retention)
- As a leader, we all should mentor others within and outside our organizations

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Employee Participation

➤ Effective Meetings:

- Establish the need for a meeting
- Define Purpose (**P**)
- Define Agenda (**A**)
- Set Limit (**L**)
- Invite appropriate audience
- Designate a Scribe & a Facilitator
- Conduct Meeting Evaluation
- Provide Quick Meeting Summary with key discussion and action items on a timely basis



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Employee Participation

➤ Teamwork:

- **T**ogether **E**veryone **A**chieves **M**ore
- Forming, Storming, Norming, Performing, and Adjourning
- Management should create a culture of cooperation
- Set clear goals and expectations of team members
- Resolve the conflict to get the most out of team members



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Employee Participation

➤ Communications:

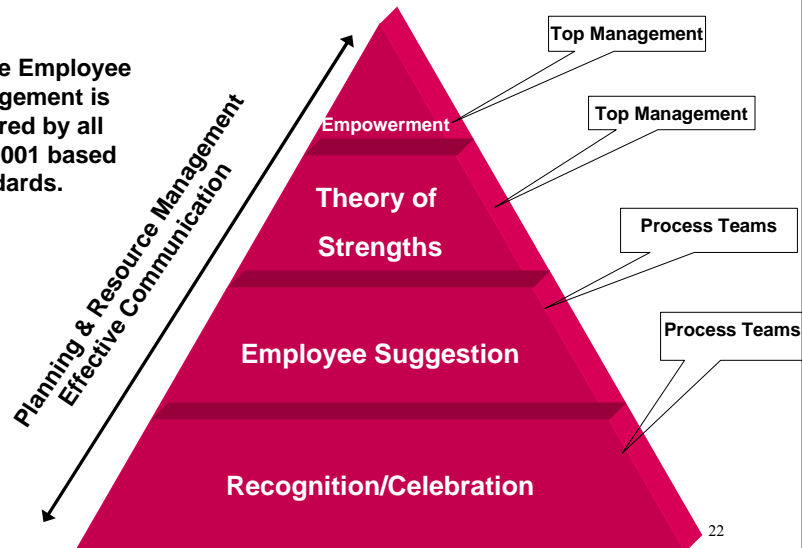
- Executives should gather employee ideas
- Drop in on your employees from time to time
- Let employee know what is happening
- Communicate all information to all employees, all of the time
- Continuous and supportive communication is a major motivator
- Interoffice mail, E-mail, Voice mail - **How about Face-mail?**

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Employee Motivation Practices

Active Employee Engagement is required by all ISO 9001 based Standards.



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Employee Motivation: A Case for Recognition

- In the last six months, how many of you received recognition?
- In the last six months, how many of you gave recognition to others?
- Does your company have a systematic recognition process? For how long?
- How many of you think you are getting too much recognition?

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Case for Recognition What Do Employees Really Want?

- Supervisors were asked to identify one thing most important to employees:
 - ✓ **Money**
- Employees were asked to identify most important aspect in the work place:
 - ✓ **Full appreciation for work done**

Source: Aetna Life & Casualty Employee Survey.

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Abraham Maslow's Hierarchy of Basic Human Needs (1943)

- Level 1 - Survival (food, clothing, shelter)
- Level 2 - Security (job, training)
- **Level 3 - Social Interaction** (getting close to people)
- **Level 4 - Ego Status** (myself in the world)
- **Level 5 - Self-Actualization** (realizing potential)

Recognition helps at Level 3, 4 & 5, once a job takes care of Levels 1 & 2.

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Fredrick Herzberg (1966)

To increase job satisfaction, an employer would have to first overcome Dissatisfiers and then provide Motivators.

- Dissatisfiers (will produce job dissatisfaction when absent):
 - Company policy
 - Supervision
 - Working Conditions
 - Interpersonal Relating
 - Salary
- Motivators (will provide job satisfaction when present):
 - Achievement
 - Recognition
 - Responsibility
 - Growth Opportunity
 - Challenging Job

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Role Model - Tennant Company

Basic Philosophy:

- Employees who feel good about themselves produce good results
- One of the Best-In-Class companies on Recognition since 1982 (Tom Peters “In Search for Excellence”)

Process:

- Three-tiered approach: Day-to-Day, Informal, & Formal
- Day-to-Day recognition (“That-A-Way” note)
- Informal recognition (various forms, 150 brainstormed ideas)
- Formal recognition (nomination process, individuals & teams)
- Management training on how to give and receive recognition
- Annual budget of \$30-35 per employee for recognition

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Employee Motivation



➤ Recognition/Celebration:

- Day-to-day (thank you note, memo, e-mail)
- Informal (team milestone completion - memento)
- Formal (nomination, evaluation, celebration)
- Determine need for employee recognition
- Manage Recognition/Celebration as a Process
- Allocate Budget and Measure Quarterly Results

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Employee Motivation

➤ Suggestion System:

- Employees have knowledge
- Create a simple process to gather, acknowledge, and act on suggestions
- Involve employees who gave suggestions during the implementation of their idea
- Recognize & reward employees whose suggestions are implemented with positive impact



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Employee Development

➤ Education and Training (E/T):

- Continuous education and training for superior skills
- Encourage new learnings - Leaders lead by examples
- Develop curriculum at all levels (Technical, problem solving, teamwork, continuous improvement, etc.)
- Set objective to achieve X hours & Y\$ per year
- Develop a company data base for E/T - allow employees to log their hours and cost in the system
- Tie E/T to annual review process
- Use a variety of methods (In-class, videos, sharing, books/journals reading, cascade training)
- Use E/T to recognize good work



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Employee Development



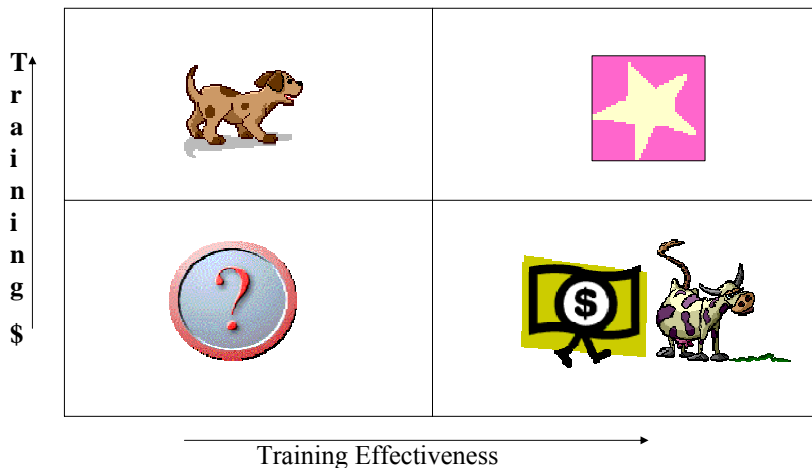
➤ Education and Training (E/T):

- Evaluate Education and Training Effectiveness (Kirkpatrick & Kirkpatrick, 2006):
 - Level 1 - Reaction (Immediate feedback)
 - Level 2 - Learning (Before and after knowledge retention)
 - Level 3 - Behavior (6 months after completion of E/T to increase performance at Dept. level)
 - Level 4 - Results (One year later, assess value of E/T through a supervisor for the enterprise)
- **Learning is a process, not a goal**
- **Each new insight creates another new layer of potential insights**

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Training Investment/Effectiveness



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Employee Development



➤ Performance Appraisals:

- More frequent (more than once a year)
- Objective (criteria: quality, customer satisfaction)
- Focus on positives (The Strength's Theory)
- Meaningful, Constructive and Developmental
- Variety of input (360 degree feedback - customers, suppliers, peers, superiors, etc.)
- Encourage & reward teamwork
- Focus on systems perspective (do not blame individuals)

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Employee Development



➤ Employee Satisfaction:

- Gather pulse of the employees - annual survey (ideally by a Third-Party)
- Use data at a department level to make improvement on few key issues of dissatisfaction
- Involve employees in solution of the key issues
- Communicate widely issues/actions/results

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Practical Tools

- **Colleague Profile** - reinforce attitudes and behaviors
- **Employee Satisfaction Survey** - continuous improvement
- **New Hire Survey** – reduce employee turnover
- **Employee Engagement Questionnaire** - engagement
- **Human Resource Scorecard** based on Company's Strategic Focus - HR competencies, practices, systems, and deliverables

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Practical Tools

Colleague Profile - reinforce attitudes and behaviors:

- Customer First (Internal and External)
- Providing Leadership
- Performance Planning & Feedback
- Coaching
- Working with Others
- Encouraging Open Communications
- Empowering People
- Business Knowledge
- Continuous Improvement
- Supporting the Mission

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Practical Tools

Employee Satisfaction Survey - continuous improvement:

- Establish Clear Goals & Objectives
- Develop a Communication Plan
- Brand the Survey Process
- Allocate Sufficient Resources
- Define Roles & Responsibilities
- Demonstrate Management Commitment
- Ask the Right Questions the Right Way
- Collect Data the Right Way at the Right Time
- Take Clear Follow-Up Actions
- Review & Audit the Process

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Practical Tools

New Hire Survey – reduce employee turnover:

- How satisfied are you with how the job was described during the interview process compared to what you are actually doing?
- The Interview Process (pre-employment) – 8 questions
- New Hire Introduction – 9 questions
- New Hire Training – 7 questions
- Job Specific Satisfaction – 7 questions

Workforce Online, 2003.

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Practical Tools

Employee Engagement Questionnaire:

1. Do you know what is expected of you at work?
2. Do you have the materials and equipment you need to do your work right?
3. At work, do you have the opportunity to do what you do best every day?
4. In the last 7 days, have you received recognition or praise for doing good work?
5. Does your supervisor, or someone at work, seem to care about you as a person?
6. Is there someone at work who encourages your development?
7. At work, do your opinions seem to count?
8. Does the mission/purpose of your company make you feel your job is important?
9. Are your associates (fellow employees) committed to doing quality work?
10. Do you have a best friend at work?
11. In the last 6 months, has someone at work talked to you about your progress?
12. In the last year, have you had opportunities at work to learn and grow?

Source: First Break All the Rules, Buckingham & Coffman, 1999.

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Practical Tools

Human Resource Scorecard based on Company's Strategic Focus:

- HR Competencies
- HR Practices
- HR Systems
- HR Deliverables

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Best Practices - Baldrige Winners

- **AT&T Universal Card Services (1992 Baldrige, Service)**: Best-in-class in employee recognition and suggestion system (spent 2% of payroll on Recognition & Suggestion system).
- **Federal Express Corporation (1990 Baldrige, Service)**: Survey/Feedback/Action management evaluation system. From 1985-1990, 91% of employees “proud to work for Federal Express.”
- **IBM Rochester (1990 Baldrige, Mfg.)**:
Invested heavily in Education and Training, the equivalent of 5% of its payroll.



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Best Practices - Baldrige Winners

- **Milliken & Company (1989 Baldrige, Manufacturing)**:

“The ‘Pursuit of Excellence’ process continues to evolve after beginning the journey in 1980. Over 90 ‘opportunities for improvement’ were submitted per associate for 1999, providing a means by which all associates can contribute to improving the process.

Milliken associates participate in over 14,000 teams each year. The Sharing Rally is another avenue by which associate involvement is created, and Milliken & Company has now held over 160 Sharing Rallies.”

Craig Long, Director of Quality



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Best Practices - Baldrige Winners

- **Pearl River School District (2001 Baldrige, Education)**: In four years, faculty satisfaction rose from 89 to 98 % and staff satisfaction from 86 to 96%.
- **SSM Health Care (2002 Baldrige, Health Care)**: Employee turnover rate reduced from 21% in 1999 to 13% in August 2002.
- **Trident Precision Manufacturing (1996 Baldrige, Small Business)**: 95% of the improvement at Trident stems from employee improvement suggestions.



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Best Practices

- **Herman Miller Inc. HRM Strategy:**
 - Building Employee Capabilities
 - Building Employee Commitment
 - Improving the Professional Capabilities of the HR Function Itself

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