

Employee Engagement and Its Impact on Brand Value

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Employee engagement—the practice of employees fully and enthusiastically committing to their work in a way that advances their employer’s strategic mission—is an idea that has continued to build momentum and, today, has firmly gained traction with numerous companies worldwide.

Companies that focus on cultivating employee engagement have seen firsthand the positive impact on employee retention, company performance and, ultimately, customer loyalty and satisfaction. Simply stated, they have learned that engaged employees have tremendous influence in positively affecting brand value.

To fully understand the power of employee engagement, it is revealing to look at what happens when it is not present or, more specifically, to look at the impact of disengaged workforces. According to one Gallup study of disengaged employees in the U.S., the cost of lost productivity alone is estimated to be more than \$300 billion annually. What’s more, because of the integral relationship between high levels of employee disengagement and high levels of worker attrition, the total impact is just as staggering. The U.S. Department of Labor reports that the financial impact of employee-turnover can run as high as 200% of a worker’s annual salary and is estimated to cost the

U.S. economy as much as \$5 trillion each year.

An Engaged Workforce: Where Great Brands Start

When it comes to disengaged employees, the telltale signs are all too common. These include employees who are frequently late to work, are insensitive to customers, or bring others around them down with chronic negativity and pessimism.

In contrast, engaged employees tend to be highly committed, motivated and upbeat. They often report to work early. They willingly, and even cheerfully, go the extra mile for customers and co-workers. They can be quick to share credit for accomplishments with other team members while also being quick to take responsibility when things don’t go as planned. And, they convey a positive energy that is infectious and inspires others around them to be engaged as well.

The advantages of an engaged workforce are both plentiful and

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profound. Studies by Gallup and many other organizations confirm, time and again, that engaged employees are more productive, create better customer experiences, work more safely, and are more likely to remain with their employers. As a result, employers win because they get a more stable and motivated workforce and can, consequently, spend more time strengthening their brand instead of continually having to “take two steps backward” because of high attrition rates and other ill effects brought on by a poorly engaged or disengaged workforce.

In addition to realizing stronger brands, companies with high engagement levels achieve superior financial results. According to a report by Gallup, these companies have 3.9 times the earnings per share when compared to those in the same industry with lower engagement levels. What’s more, a study by Towers Watson shows that, over a period of 36 months, the companies with a significantly engaged workforce delivered much better

financial performance—a 5.75 percent difference in operating margins and a 3.44 percent difference in net profit margins.

From Engagement to Brand Excellence: Finding the Ignition Point

Creating an engaged workforce starts with understanding the key factors that motivate employees and contribute to job satisfaction, greater commitment, and ultimately improved brand value. In a study by Right Management, these factors were shown to include: learning and development opportunities, culture, senior leadership, and recognition and rewards. Among these factors, carefully implemented recognition and reward programs can substantially accelerate progress in creating an engaged workforce as well as in helping a company achieve its strategic goals, including improved brand value.

Studies by Gallup, the Corporate Leadership Council, and Towers Perrin, as well as other organizations, all underscore the fact that recognition strongly correlates to higher levels of employee engagement. Furthermore, a global study by Towers Watson shows that the level of employee engagement in a company rises when efforts to improve engagement are accompanied by meaningful tangible and intangible rewards.

In general, a key point that can be taken from the Towers Watson study and similar studies is that employees respond favorably to multiple types of recognition. These can include intangible rewards, like positive words of encouragement, as well as tangible ones, such as structured recognition and reward programs. Properly designed and executed, recognition and reward programs can be real “game changers.” This is because

they can be designed to reward specific behaviors that align with a company’s key strategies.

To get started in creating a culture of employee engagement, an excellent first step is to work proactively with employees to find out what motivates them and how to link these motivational elements to behaviors that are critical to helping a company achieve its strategic goals. Most employees want meaningful work. When a company structures and correlates job functions to key strategies, engagement initiatives stand an excellent chance of gaining traction.

For example, a company with a call center seeking to improve its level of customer service may have a specific objective of delighting the customer and improving an “average performing rep’s” number of calls handled per hour while minimizing customer call-backs. When looking for ways to begin making such improvements, the company doesn’t need to look far. More often than not, the company’s “stars”—its most highly motivated employees who on their own find ways to do their jobs faster, smarter, and more cost effectively, while delighting the customer with knowledgeable and speedy responses—are the ones who have already figured out how to make improvements to a particular work process or function, or who, at least, are well ahead of the rest of the team.

Once management has identified the behaviors or best practices that have been shown to deliver the desired results, the next step is to “capture the magic.” That is, management needs to share, publicize or amplify these practices or successes so they can easily be understood by the rest of the team—the roughly 80% of team members who day in and day



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out come to work and generally do their jobs faithfully, although not at the level of the very top performers. It’s during this process of identification and communication of best practices that movement toward a company’s strategic goals begins to occur. This is the “ignition point” from which an organization’s engagement and brand building efforts can start to accelerate and register measurable improvement.

Moreover, companies can see dramatic improvement when this sharing of best practices is supported and reinforced by a rewards and recognition program that affirms the desired behaviors that are aligned with its key strategies. Once this method of working is fully operational, once employees are “all in” because they see and feel firsthand the affirmation of their efforts through a well-conceived rewards and recognition program, then companies are truly positioned to see significantly better or even astonishing increases in productivity, quality, revenues, profitability and other measures.

However, the very best companies don't stop with these initial efforts. They recognize, for example, that in today's multi-generational workforce (boomers, Gen X, Gen Y and Millennials) what motivates one employee doesn't necessarily motivate another employee. These companies recognize that sustainable recognition systems that are built for the long haul are those that make the finer distinctions in appropriately rewarding, for example, a Gen X vs. a Gen Y employee. By fine-tuning their recognition and reward programs to address generational differences, these companies increase the likelihood of achieving even higher levels of engagement and, as a result, correspondingly greater brand value.

What's more, these same companies also remain committed to their engagement efforts in the face of difficult economic times. They have realized that recognizing their people for their extra contributions and efforts during an economic downturn, resulted in increased employee engagement scores with satisfied and motivated employees. Employee recognition and reward programs are forces that offer too much potential for improvement and growth to simply walk away and abandon them during difficult economic periods. These companies also understand that tough times don't last forever and that, by staying committed to these efforts, they are the ones who will inevitably emerge in stronger competitive

positions when economic conditions improve, as opposed to companies that dropped or never even pursued these types of initiatives in the first place.

Employee Engagement: Awakening the Giant, Catalyzing the Brand

Employee engagement for many companies is "a sleeping giant." It is a hidden, non-leveraged asset that can potentially take a company to unimagined levels of performance. Companies that choose to proactively connect with their employees' core needs, that cultivate engagement, and that support their efforts with carefully planned recognition and reward programs can awaken the potential of their employees and power their brands to new levels. In this way, employee engagement and recognition and reward programs can become a powerful, legitimate strategy for driving business growth, profitability, and creating greater brand value.

The evidence of the impact of an engaged workforce is unmistakable. The studies that point to its effectiveness are numerous and convincing. All of which leaves just one question: If a company's brand value and its financial strength are inextricably bound to the engagement level of its workers, then how can any company afford NOT to pursue having an engaged workforce?

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