



HayGroup®

Are you missing something?

Engaging and enabling employees for success

Everyone knows that unmotivated employees create problems in the workplace. But what's worse is having people who are motivated – but cannot turn their enthusiasm into action. Hay Group research shows this has a quantifiable impact, creating costly levels of staff turnover and lower levels of employee performance. An employee effectiveness survey is truly effective when it also addresses the factors that stop your staff from performing to the best of their ability.

Many organizations run annual surveys to research employee opinion. Yet translating this data into something that could ultimately transform business processes and operations is still unexploited territory. And many survey programs struggle to demonstrate a return on investment.

Employee attitude: tune in, tune out, drop out or burnout?

Many employees are well motivated. They want to provide quality service to their customers but are hindered by weak systems, heavy bureaucracy and conflicting pressures. Organizations can function on this motivation alone, at least in the short term. But if employees lack the support and business processes to get their jobs done, they can 'burn out' from the effort of just trying to do a decent job. The result is a workforce of frustrated people. If employees are engaged but not 'enabled', around one-third of the workforce is likely to be making plans to leave. (This figure rises to a massive 76 per cent if employees are both unmotivated and not enabled).

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Frustrated employees tend to behave in one of three ways:

1. Break through the performance barrier – through force of effort, some highly engaged employees find ways to overcome the obstacles to getting their jobs done. However these high-value individuals are at risk of burnout in the medium term, usually after about six months
2. Stop trying – other less driven employees reduce their efforts to match their limited opportunities to succeed
3. Leave – yet others will seek greener pastures where their strong motivation to succeed can be matched with more supportive working conditions. This creates an unfortunate drain of what is often an organization's best and brightest talent.

¹ Hay Group's global normative database



But why is it so hard to see?

In a climate where most organizations are straining to do more with less, nobody can afford to squander the energy of frustrated employees. However the issue can often go unnoticed because of management attitudes:

- “We’re not asking” – employees are simply not being asked. Employee surveys focused on motivation often fail to highlight support issues
- “We can’t hear you” – highly committed yet frustrated employees may be disinclined to voice their concerns as they are afraid they will get a reputation for complaining
- “We don’t want to know” – “your motivation is your problem” and management just don’t want to know about addressing support issues “we’re all under pressure – just get on with it”
- “Support means doing something” – it takes effort and commitment to remove the barriers to performance.

On top of this ‘mindset’ challenge, there is also the issue of the survey approach itself. For surveys to deliver real ROI, they should be connected with strategy rather than be run as a standalone HR exercise.

“I need support, and my manager and his boss are not doing their best to provide it. I am inundated with work, and end up staying here late each night. I like my job despite this situation and I think things will change for the better eventually. But waiting for that time to come is very challenging. I’m almost ready to throw in the towel.”

Hay Group Insight employee survey respondent

The cost of doing nothing

The following scenarios illustrate how engagement and enablement affect business performance[†].

Impact on revenue

Organizations in the top quartile on engagement demonstrate revenue growth 2.5 times that of those in the bottom quartile. But companies in the top quartile on both engagement and enablement achieve revenue growth 4.5 times greater.

To quantify this, consider an industry with average revenue growth of eight per cent. A typical company with \$5 billion in revenues would see revenues increase by \$400 million. A company with top-quartile levels of employee engagement could expect an increase of \$1 billion. And a company in the top quartile on both engagement and enablement could anticipate an increase of \$1.8 billion.

[†] Statistics from Hay Group’s global normative database and client business metrics



Impact on turnover

Organizations in the top quartile on both engagement and enablement also exceed industry averages on five-year ROA, ROI, and ROE by 40 per cent to 60 per cent.

Firms with high levels of engagement show employee turnover rates 40 per cent lower than companies with low levels of engagement. But companies that both engage and enable employees demonstrate a total reduction in voluntary turnover of 54 per cent. Hay Group studies estimate the cost of replacing employees to be between 50 per cent and 150 per cent of salary.

For an organization with 20,000 employees and an annual voluntary turnover rate of eight per cent, the cost of turnover is approximately \$56 million (assuming an average salary of \$35,000). Reducing the voluntary turnover rate by 40 per cent would yield annual savings of \$22.4 million. But reductions in turnover through higher levels of engagement and enablement would yield savings of over \$30 million annually, a difference of more than \$7.5 million.

Impact on employee performance

Our research linking employee survey data to performance ratings shows that highly engaged employees are 10 per cent more likely to exceed performance expectations. But highly engaged and enabled employees are 50 per cent more likely to outperform expectations. Past studies have shown that the difference in productivity between superior and typical performers is 35 per cent on average, depending on job complexity.¹

For an organization producing \$10 billion of product with 20 per cent of employees exceeding performance expectations, increasing the percentage of high performers by 1.5 times (by transforming average performers into superior performers) would increase output by \$350 million (i.e. if 10 per cent of population improves performance by 35 per cent, overall performance improvement across entire population is 3.5 per cent).

We define success as translating survey results into meaningful and measurable actions that improve an organization's performance.

¹ Hunter, Schmidt and Judiesch, 1990



Business case

A retail banking business case – using survey data to bring about lasting change

The challenge

A large retail bank wanted to give responsibility for branch performance back to branch managers. In effect, this meant a return to the traditional bank manager who leads a team of people that understands its local community and customers.

Hay Group's solution

The firm asked Hay Group Insight to design and implement a change management program that involved two key elements: a redesigned employee engagement survey and a leadership development program informed by the survey outcomes. Crucially, the survey used metrics that were linked to KPIs so the client could see how engagement correlated with performance.

Results

The survey enjoyed a 93 per cent response rate and clearly proved the link between engagement and performance. The leadership program that followed has been a life-changing experience for many participants, who are now empowered to become coaches. Branch managers are accountable for their performance and have the skills they need to become coaches. Armed with a deeper understanding of its branch managers, the bank is now better equipped to match their skills to the demands of different branches. The result, ultimately, is better customer service.

To make surveys work, link them to strategy – globally

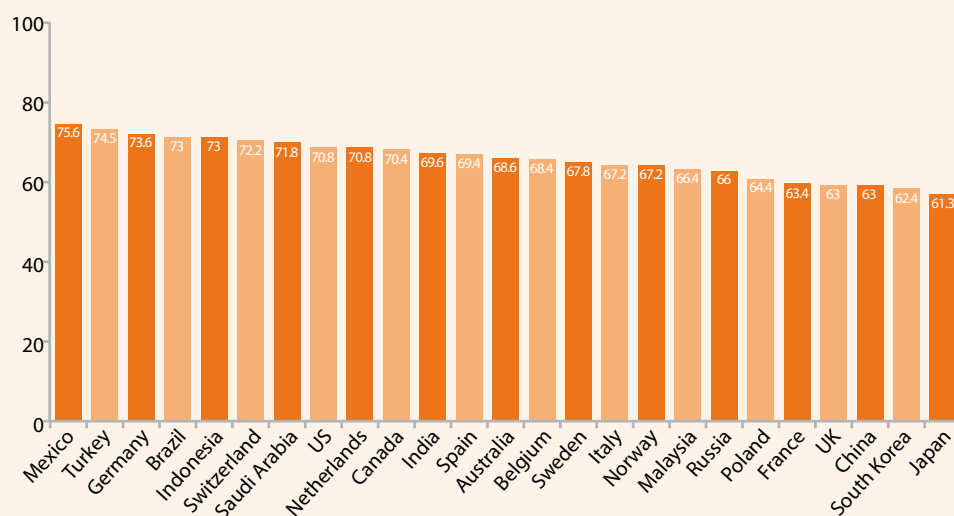
The business case for employee surveys is proven. Yet despite this we still see surveys that are too often isolated from the strategy of the organization. The best companies connect their survey to the strategy to guide leaders in creating and sustaining an effective workplace and culture. Many surveys focus solely on engagement at the expense of other important performance drivers. Our research shows that engagement – while important – only partially explains differences in levels of performance.

Organizations cannot rely on the survey ‘event’ to provide all the answers. The most successful surveys become embedded into the way a company measures and manages performance.

Furthermore, to add to the challenge of running a successful employee survey, organizations are increasingly global, yet their survey processes are often exported to other markets without taking into consideration the complexities of the different cultures in which they operate. Organizations need a research partner that can mirror their geographic footprint, understand local cultures and deliver an integrated global solution.

By showing how engagement varies around the world, the chart below clearly illustrates how it demands different levels of attention depending on which country you are operating in.

The Hay Group employee engagement index Comparative scores highlighting differences in employee engagement by country



Data source: Hay Group national normative database

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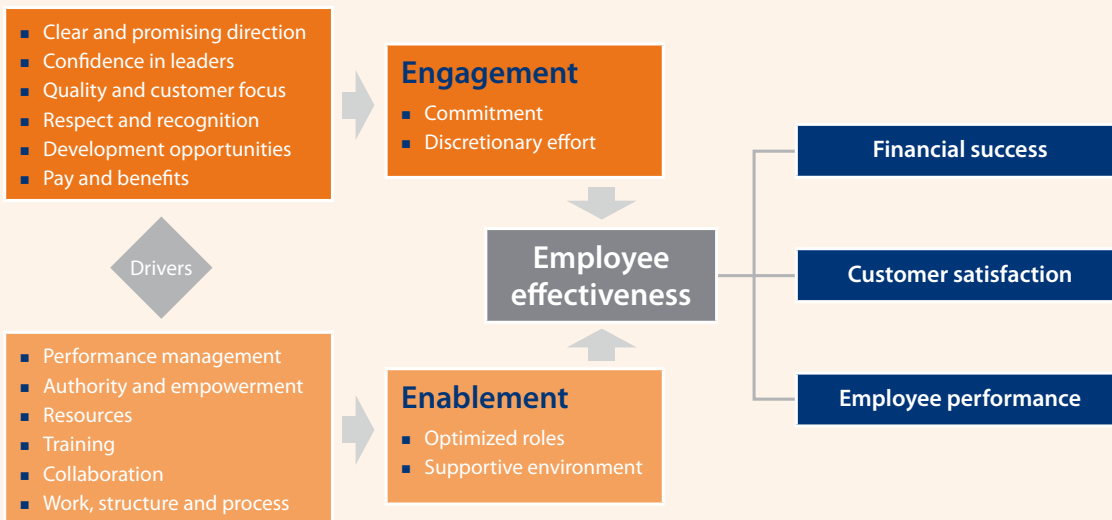
Measuring enablement

When developing our client-specific survey solutions, we strike a unique balance between engagement and enablement to provide you with the information you need to take action. By including both components in our surveys, we are able to provide clear direction on systemic issues as well as issues specific to what managers need to do to create effective work environments.

Further, we are able to establish direct links between the survey results and business metrics such as turnover, customer loyalty, profit and revenue growth as illustrated earlier.

Hay Group Insight’s employee effectiveness framework

High levels of engagement and enablement lead to greater employee productivity, more loyal customers and stronger financial performance.



You are supported by an entire consulting business that makes up the global presence of Hay Group. This is of huge benefit for developing business solutions for the issues your data reveals.

How Hay Group takes survey data to the next level

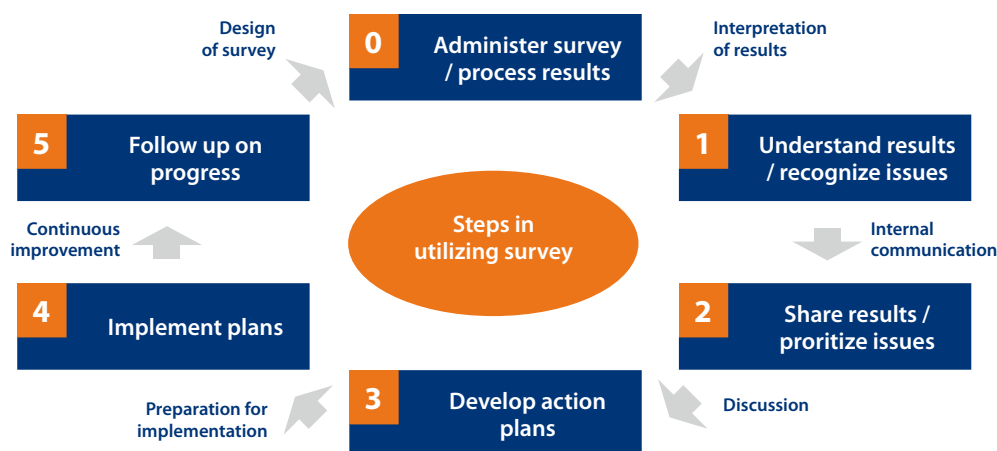
Hay Group Insight understands that the survey is only the start of the process and that what happens after the results are back is even more important. We work with you step-by-step to interpret the results, develop a meaningful plan for organizational improvements and provide support during the implementation program. Our process involves:

- Starting with the organization's strategy and working back to the survey to understand what the survey data say in relation to those objectives. For example, an organization with a focus on innovation may not accept a score on risk-taking that is equal to the benchmark for their industry, but rather one at or above high-performing companies
- Pairing our extensive database of country, regional, industry, performance and demographics benchmarks with statistical analysis to focus executives and managers at all levels on the most significant findings
- Preparing the organization and those in key roles through designing a process that best fits your culture, providing the right tools and transferring best-practice knowledge to your team.

Results are delivered to managers in flexible and easy-to-use formats either online or through interactive Excel®-based reports. We also provide managers with a technology-enabled resource center that contains best-practice advice on facilitating discussions with employees, developing actions, communicating action and even specific steps to take to bring about improvement.

In short, we provide you and your internal clients with a higher level of consultation and more actionable results.

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Business case

A pharmaceutical company – using survey data to help change behaviors

The challenge

A large pharmaceutical company with more than 39,000 employees around the globe wanted to attract and retain top talent by capitalizing on its strengths and addressing challenges. The senior leadership had to ensure they were demonstrating the behaviors needed to drive success, and were equipping their managers with the skills and resources to get the job done.

Hay Group's solution

The company first partnered with Hay Group to measure employee effectiveness among more than 9,000 US employees – and see where improvements could be made. The survey results helped leaders find and address pockets of challenge, and actions were taken in key areas like performance management and career development. Senior leadership embraced the process and with Hay Group's help, created an approach to ensure that managers act on the survey results to create better performance.

Results

The client experienced significant improvement in employee engagement, the individual performance of employees and the collective performance of the business. The results were so powerful that the company now conducts the survey globally.

Why Hay Group?

For over 35 years Hay Group Insight – the survey research division of Hay Group – has partnered with the world's largest and most complex organizations to create value through the strategic use of employee survey research. Our mission is to help senior leaders identify the barriers to individual and organizational effectiveness, and remove them to improve the performance of people, teams and entire organizations. By providing employee feedback and supporting strategy, our surveys help organizations achieve high levels of performance and lasting change.

The latest findings from the World's Most Admired Companies®, Hay Group's report 'The changing face of reward' and our research with Business Week Online into 'The best companies for leadership' have all highlighted the need for executive attention to be tuned into employee engagement.

What makes us different?

- You are **supported by an entire consulting business** that makes up the global presence of Hay Group. This is of huge benefit for developing business solutions for the issues your data reveals.
- Most employee survey companies believe a client engagement is successfully concluded when they deliver the survey results – not Hay Group. We define success as **translating survey results into meaningful and measurable actions** that improve an organization's performance.
- We recognize that one-size-fits-all approaches to employee surveys are bound to fail, which is why we **tailor every solution** to take into account your unique needs and strategy.
- We go beyond the latest fads to **determine what drives higher levels of business performance**. As a result, we understand that engaging your employees isn't enough to drive sustainable performance.
- **Our extensive benchmarks, statistical research, and deep analysis** will provide you with the key priorities you need to improve your performance. You will be comparing your performance with the world's best companies.
- **We have leading-edge technology** that not only reduces the administrative burden on your team: it supports you and your managers in taking action and bringing about sustainable organizational change.
- Running consistent and accurate surveys across different regions is becoming the norm. Because **we are a global firm**, we are able to provide timely, culturally sensitive support where you are located.

For more information on how to examine your organization's strategy and how to achieve business success, contact us at: HayInsight@haygroup.com | www.haygroup.com/insight

Hay Group is a global management consulting firm that works with leaders to transform strategy into reality. We develop talent, organize people to be more effective and motivate them to perform at their best. Our focus is on making change happen and helping people and organizations realize their potential.

We have over 2,600 employees working in 86 offices in 48 countries. Our clients are from the private, public and not-for-profit sectors, across every major industry. For more information please contact your local office through www.haygroup.com

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