

Engage Your People

Achieve performance breakthroughs.



by Cassandra Frangos

THE LINK BETWEEN high employee engagement and low turnover

is well documented. In recent balanced scorecard research, on average, a 20 percent improvement in engagement yields a 50 percent reduction in turnover. This suggests that leaders have a powerful opportunity to achieve strategic benefits by more proactively engaging their people.

Leaders can engage their workforce by aligning employees with the strategy and thereby boosting their strategic performance. Such interventions center on the learning and growth perspective of the *Balanced Scorecard*. This perspective is critical for gaining strategic traction because it focuses leaders on leveraging talent and teamwork.

Use Five Interventions

Weave *five interventions* together in an integrated approach to engagement.

1. Communicate strategy. Let people know the strategy by developing or sharing a strategy map and scorecard with them. Seek to tell the strategy story *seven times in seven ways*—deliver the message repeatedly, and in various forms. This approach makes it clear to employees that the strategy is important—to everyone. Successful communication campaigns also help people see how their work directly contributes to turning the enterprise strategy into measurable business results. Most high-performing companies have a formal process for communicating strategy to their employees. *Understanding strategy* is prerequisite to *executing strategy*. People can't make *informed judgments* about how to carry out their work with customers, partners, and peers unless they understand the strategy and their role within it. And if they can't make such judgments, their engagement slips. Simply by communicating the strategy broadly, leaders often see a spike in employee engagement and reductions in turnover.

The most effective strategic communication is adapted to different types of employees. For example, engineers want to *hear* the plan for executing the

strategy; otherwise, they'll be skeptical of high-level statements about the strategy. They want to know the team incentive for driving the strategic initiative. By contrast, general managers want *the big picture*; they are motivated most by aspirational targets. They also want to know how they'll be compensated if they achieve the target. With social networking, communicating strategy has become more complex. The need for immediate information and further detail from different generations is putting pressure on leaders to develop a clear communication plan. If the organization has a communication-rich culture, leaders need creative tactics for capturing employees' attention.

2. Drive cultural change. As strategy evolves, culture may need to change. For example, if the strategy calls for



bringing new products to market more quickly, the organization will benefit by fostering a *culture of innovation*. If the strategy centers on growing the core business and deepening existing customer relationships, then the culture should revolve around *putting the customer first*. Clarifying the cultural shifts needed to support execution of the strategy enhances engagement, because it gives people confidence that they are focusing their efforts effectively.

Since employees today are *free agents* and switch companies more often, defining the culture needed to support the strategy has become more critical.

3. Develop strategic leadership and develop talent. An enterprise shouldn't leave its leadership and talent strategies solely to the HR function, since these strategies are key to achieving the competitive strategy. Effective organizations begin developing their *leadership and talent strategies* by focusing on the top. They define leadership expectations, accountability, and required

competencies. They can then apply some of these same concepts to the entire workforce.

To craft an effective, comprehensive talent management and development strategy, leaders must find unique ways to invest in high-potentials and to develop and retain talent. For example, at JPMorgan Chase, CEO Jamie Dimon and the head of HR spearheaded "ascension plans" to chart possible career paths for future innovators. They did this in concert with the innovators. Says Dimon, "it's foolish to think there's only one possible, ideal career path for our high-potential managers, those most likely to one day orchestrate large-scale innovations." If the right position does not exist for one of JPMC's innovators, Dimon or another executive team member creates it. This CEO sees the development of breakthrough innovators as one of his key responsibilities, and one in which his board is highly interested.

Another approach to managing talent is by identifying *strategic job families and competencies* needed to execute the strategy. *Strategic jobs* are those exerting a direct or big impact on the strategy. For example, at Autogrill (a European restaurant chain), store managers are the employees who most immediately influence product and service quality; they can make or break a store's success and therefore have major impact on the company's customers—and its bottom line. Autogrill store managers really can change the results. If we move successful store managers from one store to another, good results go with them. So, we need to focus on training and on succession development for this group of job families.

4. Manage employee performance, and align rewards to strategy. Most organizations have systems in place to manage performance and allocate rewards. But most such systems are not aligned with the strategy. Once leaders introduce a strategy map, balanced scorecard, or framework for strategy execution, they must address a new set of alignment decisions. For instance, *Should the strategy cascade to the level of the individual—or only to the department, team, or job family? How much autonomy do we want individual employees to have in deciding how to achieve strategic objectives? If individual objectives and behaviors are aligned with strategy, what should our incentive and compensation schemes look like?*

Consider an engineer who is thinking about leaving her organization. She may rethink her decision if she's excited about her employer's strategic direction,

can see how she can make an impact, and knows that she will likely be rewarded for that impact. She may be further motivated to stay if she sees the company investing in the talent around her and believes in the leadership.

Providing all of this requires a comprehensive approach to managing performance and aligning rewards to the strategy. One organization that excels at this is the Brazilian financial services firm Unibanco. To kick off the new strategy, Unibanco's core strategy team enlisted the help of the Schurmann family, renowned in Brazil for sailing around the world twice. The family gave lectures to Unibanco executives on the virtues of teamwork and cooperation, specifically on the role of the individual in meeting a common goal. Executives then adopted the *Balanced Scorecard* management model and used it to communicate the importance of individual alignment and teamwork to employees. They also used internal publications to provide updates on the strategy, execution of the strategy, and individual achievements related to the strategy. Through TV Unibanco, a company news show delivered every two months, the team highlights initiatives for each strategic theme. The corporate portal, a widely used knowledge-sharing forum, also disseminates strategy and BSC information to engage people.

You can achieve impressive results by changing your performance and compensation practices to align with your strategy. Find innovative ways to reward employees for achieving both financial and nonfinancial results. And your performance management efforts can help to ensure that successors are in place when a valued employee moves on to a more demanding role.

5. Enable HR processes with technology. Leaders must decide whether a technology solution is needed for managing HR processes such as talent management, performance evaluation, and compensation planning. However, they should not count on leading with technology when it comes to these processes. It's more effective to design these HR interventions, then determine if technology can make them more effective.

This sequence of interventions is designed to enhance employee engagement. However, since each organization has a unique history and set of capabilities, leaders should customize an approach to leverage enterprise strengths. **LE**

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ACTION: Enhance employee engagement.

Influential Leaders

They follow five proven steps.



by Edward T. Reilly

INFLUENCE AND POWER are energizing forces that get things going and get things done. They are the *indispensable tools* of leaders. Leaders must use their power to energize people into action. Different people need different amounts of energizing to get going and get things done. Some folks need just a few words. Others need more than that. A leader's use of power must fit the situation. However, a leader must use influence when the direct use of power is impossible or inappropriate. This is especially important when dealing with peers and partners.

When you want other people to do something for you but those people do not report to you directly, you need to exercise influence, not power. To do that, follow these five steps:

1. Set your goals, currencies, and strategy before trying to present your ideas.

Determine your goals—exactly what you want to achieve. Establish what you want the other person to know, accept, feel, and do. In addition, identify your currencies—what you can give in exchange that others might want. You might be able to offer resources such as people, money, supplies, equipment, or facilities, as well as information or simple intangible rewards like goodwill, respect, supportiveness, and understanding. Also, know your going-in strategy. Are you prepared to take a hard or soft stance, an open or closed approach?

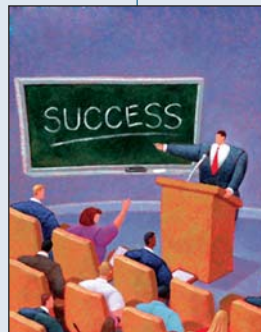
2. When you speak with the people you want to influence, probe first for information. Avoid launching right into a discussion of what you want. Take it slow and easy; use probing questions to determine what they need, want, or expect. As they respond, listen carefully to assess their readiness, willingness, and ability to understand or accept your request, recommendation, or proposal. And do something that is essential to building rapport: Find common ground. Discuss shared experiences.

3. Present your request persuasively, but only after you let others speak. Show

how your request, recommendation, or proposal has *unique strengths and advantages*, and how it can benefit them. Use positive, rather than negative, associations and comparisons and weave in facts, statistics, evidence, and illustrations to prove your point. Appeal to people's sense of reason and goodwill, or to their emotions or curiosity.

4. After making your presentation, get commitment for what you want. Remain firm and assertive, but avoid power plays as you explain what you want other people to accept, believe, do, or feel. Ask them directly for approval, acceptance, belief, or action. Link the value and positive outcomes of their decision to the costs.

5. Use stories, examples, and comparisons to help other people visualize the success associated with your ideas or request. The more you do this the more they will get excited about your proposal. For example, the head of a European subsidiary of an American toy company had a big problem. The company had been losing money for years. The company sold games and puzzles, but lacked a new product that could create buzz. Someone sent the



CEO a funny-looking plastic extrusion with a happy face and multicolored stubbly hair. The CEO instinctively loved it. The sales director and other senior directors nearly laughed him out of the room when he advocated producing it. The CEO decided to launch the product, despite their comments. Then the CEO

devised a *storytelling strategy*, which helped him launch the product and get the company excited about the project. He engaged a creative team in developing a backstory for the ugly dolls. They lived in a forest, where they sang songs and danced all day. Each doll had a playful name, loved life, and wanted nothing more than to be in the company of a happy little girl.

Many happy little girls went wild over the prototypes. They cuddled the oddly shaped and colored *monsters*. The senior staff now had proof that the CEO was right, and when they needed to energize their skeptical employees about the new toy, all they had to do was tell the story of how much the children loved the dolls. Sales quickly ran in the multimillions. **LE**

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ACTION: Follow these steps to boost influence.