DNA of Engagement

HOW ORGANIZATIONS CREATE AND SUSTAIN HIGHLY ENGAGING CULTURES

Deloitte.







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DNA of Engagement

How Organizations Create and Sustain Highly Engaging Cultures

RESEARCH REPORT R-1564-14-RR

by Rebecca Ray, PhD, Patrick Hyland, PhD, David Dye, PhD, Joseph Kaplan, Adam Pressman, and the 2014 Research Fellows of The Engagement Institute™

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Executive Summary

Organizations with highly engaging cultures continually build on positive momentum in an effort to drive and sustain business performance. Through our research, we have found that they share much in common:

- A senior leadership team that commits to engagement as a business imperative
- Managers who continually foster a culture of engagement
- Human capital programs and processes that enable a culture of engagement
- A work environment that supports employees to deliver their higher levels of performance.

The outcomes of an engaged workforce are often discernable and, in many cases, documented. But the question remains: how do organizations actually achieve higher levels of engagement? This report is the result of a research study to define the characteristics—the "DNA"—of highly engaged organizations. What are the elements of engagement at these organizations known for highly engaging cultures, and how can organizations create and sustain them? This was the central research question selected by the Research Fellows of *The Engagement Institute*[™], each of them responsible for leading engagement at their own organizations, in an effort to better understand how they might bring these insights to their organizations. The Engagement Institute is a joint venture among Deloitte Consulting LLP, Sirota, and The Conference Board to create a research community of practice to shift the engagement conversation to one of strategic intent and alignment and away from the simple capturing of data.

To answer this question, the Research Fellows, under the supervision of The Engagement Institute research team, compiled a list of highly engaged organizations that had appeared at least once in the past three years in one of six different rankings of top organizations for engagement. The Research Fellows then culled the list of more than 400 organizations to a smaller list of 80 organizations from which they thought the best insights might be gained. Of the 80 organizations identified and contacted in this process, 12 organizations agreed to participate in a targeted survey designed specifically for those who lead or oversee engagement efforts at their organizations as well as participate in follow-up interviews. In addition, organizational profiles were created for 10 of the 12. While the organizations are, in many ways, very different in terms of size, structure, mission, and products or services, we found these eight common elements at their cores:

- 1 Alignment of business strategy and engagement strategy
- 2 An organizational philosophy that emphasizes a core purpose
- 3 Formal programs and policies that drive the engagement agenda
- 4 Open, proactive, leader-driven communication about engagement
- 5 A workplace (physical and virtual) and organizational structure that promotes collaboration and inclusion
- 6 A regular cadence for assessment and follow-up
- 7 Leaders who are expected and empowered to build engagement
- 8 Demonstration of the business impact of engagement

In addition to key findings framed around these eight elements, organizational profiles, and a literature review, the report also provides an overview of the importance of employee engagement as seen through the eyes of several sets of stakeholders, a brief examination of the evolution of employee engagement, and definitions of the concepts of "employee engagement" and "culture of engagement."

Throughout the report, specific examples are offered to showcase the philosophies, actions, and outcomes of the profiled organizations in an effort to bring to life the elements of highly engaged organizations. Central to this report are the elements of engagement and the descriptors that are the markers—the "chromosomes" in the engagement DNA helix—of those organizations that are highly engaged. We have provided a continuum of descriptors along the path from "non-engaging" or below average to "highly engaging" cultures.

The profiled organizations have achieved much in the engagement space and we cannot do justice to their work in just a few pages. While we have tried to capture the uniqueness of their journeys, it can only be an incomplete picture. Nevertheless, what is abundantly clear is that their common struggles and successful approaches provide a glimpse into their DNA, their highly engaging cultures, so that others can use these insights to build their own success stories.

Introduction: Engagement Matters

In a world where competition is fierce, where globalization means new markets, opportunities, and customers, but also new challenges, and where employees with the right skills are often scarce, employee engagement can make a tangible difference. Highly engaged workforces can mean the difference between simply surviving and actually winning, as these organizations—to a greater degree than their peers—deliver higher levels of business performance, are more agile, and are more likely to retain top critical talent.

Here's what research tells us about the value of employee engagement and how various stakeholder groups view engagement.

Chief Executive Officers believe in the importance of human capital and, in particular, employee engagement, to address a variety of challenges. In the 2014 edition of *The Conference Board CEO Challenge®* survey, which asks CEOs to rank their top challenges for the coming 12 months, respondents ranked **Human Capital** first on a global basis and either first or second in every region surveyed, as well as in China and India (Table 1).

When it comes to the actual strategies these CEOs plan to use to address the human capital challenge, *raise employee engagement* is ranked second after *provide employee training and development*, which, in and of itself, is often considered to be a driver of engagement (Table 2). Employee engagement has moved steadily upward in the rankings on a global basis, ranking third in 2013 and eighth in 2012. In Europe, the rise is even more striking, moving up seven spots from the prior year to second in 2014; among US respondents, it's now the top-ranked strategy.

It should also be noted that *raise employee engagement to drive productivity* ranks among the top global five strategies to address another top challenge for CEOs—achieving **Operational Excellence**; it ranks among the top five in every region surveyed. Clearly, engagement is on the minds of CEOs.

Employee engagement is a heightened emotional and intellectual connection that an employee has for his/her job, organization, manager, or co-workers that, in turn, influences him/her to apply additional discretionary effort to his/her work.

A **culture of engagement** is a set of accepted organizational values, behaviors, and practices that promotes increasing levels of engagement as a cultural norm.

Source: John M. Gibbons, *Employee Engagement: A Review of Current Literature and Its Implications*, The Conference Board, Research Report, 2006; and Rebecca L. Ray, Peter Stathatos, and Brian Powers, *Employee Engagement: What Works Now?* The Conference Board, Research Report 1504, 2012, p. 22.

Table 1 Regional results reflect a global convergence on challenges; human capital seen as a top challenge

| 1Human capital1122212Customer relationships431355T3Innovation224414T3Operational excellence3431325Corporate brand and reputation57T586T86Global political/economic riskT6676737Government regulation89T55968SustainabilityT688104T89Global/international expansionT9597107 | Global N=1,020 | CHALLENGES 2014 | Asia N=479 | Europe N=105 | United States N=233 | Latin America N=114 | China N=139 | India N=47 |
|--|--------------------------|--------------------------------|----------------------|------------------------|---------------------------|---------------------------|-----------------------|----------------------|
| T3Innovation224414T3Operational excellence3431325Corporate brand and reputation57T586T86Global political/economic riskT6676737Government regulation89T55968SustainabilityT688104T8 | 1 | Human capital | 1 | 1 | 2 | 2 | 2 | 1 |
| T3Operational excellence3431325Corporate brand and reputation57T586T86Global political/economic riskT6676737Government regulation89T55968SustainabilityT688104T8 | 2 | Customer relationships | 4 | 3 | 1 | 3 | 5 | 5 |
| 5Corporate brand and reputation57T586T86Global political/economic riskT6676737Government regulation89T55968SustainabilityT688104T8 | Т3 | Innovation | 2 | 2 | 4 | 4 | 1 | 4 |
| 6Global political/economic riskT6676737Government regulation89T55968SustainabilityT688104T8 | Т3 | Operational excellence | 3 | 4 | 3 | 1 | 3 | 2 |
| 7Government regulation89T55968SustainabilityT688104T8 | 5 | Corporate brand and reputation | 5 | 7 | T5 | 8 | 6 | Т8 |
| 8 Sustainability T6 8 8 10 4 T8 | 6 | Global political/economic risk | T6 | 6 | 7 | 6 | 7 | 3 |
| | 7 | Government regulation | 8 | 9 | T5 | 5 | 9 | 6 |
| 9 Global/international expansion T9 5 9 7 10 7 | 8 | Sustainability | T6 | 8 | 8 | 10 | 4 | T8 |
| | 9 | Global/international expansion | Т9 | 5 | 9 | 7 | 10 | 7 |
| 10 Trust in business T9 10 10 9 8 10 | 10 | Trust in business | Т9 | 10 | 10 | 9 | 8 | 10 |

Note: In addition to other countries, the Asia category includes China, India, and Australia.

Source: The Conference Board CEO Challenge 2014: People and Performance, Reconnecting With Customers and Reshaping the Culture of Work, The Conference Board, Research Report 1537, 2014, p. 16.

Table 2

Employee engagement seen as important strategy for several top challenges

| | 1 Human capital | 2 Customer relationships | 3 Innovation | 4 Operational excellence | 5 Corporate brand and reputation |
|---|---|---|--|--|---|
| 1 | Provide employee training and development | Sharpen understanding of customer/client needs | Create culture of innovation by promoting and rewarding entrepreneurship and risk taking | Seek better alignment between strategy, objectives, and organizational capabilities | Communicate corporate values to customers and key stakeholders |
| 2 | Raise employee engagement | Enhance quality of products/services | Apply new technologies (product, process, information, etc.) | Improve our organizational agility/flexibility | Enhance quality of products and processes |
| 3 | Improve performance management processes and accountability | Engage personally with key customers/clients | Find, engage, and incentivize key talent for innovation | Raise employee engagement to drive productivity | Increase investment in corporate brand communication externally |
| 4 | Increase efforts to retain critical talent | Tailor marketing, promotion, and communications campaigns to key customer needs | Engage in strategic alliances with customers, suppliers, and/or other business partners | Improve performance and accountability of senior management | Use social media and new communication technologies |
| 5 | Improve leadership development programs | Broaden range of products/services | Develop innovation skills for all employees | Improve performance and accountability of middle management | Improve alignment of business practices/ management behavior with corporate values |

Note: In addition to other countries, the Asia category includes China, India, and Australia.

Source: The Conference Board CEO Challenge 2014: People and Performance, Reconnecting With Customers and Reshaping the Culture of Work, The Conference Board, Research Report 1537, 2014, p. 36.

Demonstrable relationships between engagement and business outcomes are abundant and should capture the attention of **Chief Financial Officers**. Research at The Conference Board, as well as that of other organizations, has made the linkage between engagement and business and financial performance.

In *Employee Engagement: What Works Now?*, improved engagement led to improved performance across a variety of metrics at these companies:¹

- Agilent indicated an improved response rate, higher customer satisfaction and loyalty, and business results;
- Goldman Sachs pointed to greater levels of retention, as well as a higher stock price than that of competitors; and
- Kimberly-Clark cited 40 to 60 percent better returns on assets, investment, and equity.

The Gallup Organization's report, *The Relationship between Engagement at Work and Organizational Outcomes*, offers a meta-analysis of 263 research studies exploring the relationship between employee engagement and performance across 192 organizations and 49,928 business/work units, including approximately 1.4 million employees.² It articulates the linkage of engagement to business outcomes, finding that companies with "business/work units scoring in the top half on employee engagement nearly double their odds of success compared to those in the bottom half." In addition, the report cites these examples of improved metrics due to higher levels of engagement:

Median differences between top-quartile and bottom-quartile units were 10% in customer ratings, 22% in profitability, 21% in productivity, 25% in turnover (high-turnover organizations), 65% in turnover (low-turnover organizations), 48% in safety incidents, 28% in shrinkage, 37% in absenteeism, 41% in patient safety incidents, and 41% in quality (defects).³

Chief Human Resources Officers, Chief Talent Officers, and Chief Learning Officers will want to leverage higher levels of engagement to drive a variety of human capital-related metrics pertaining to talent acquisition and retention, on-boarding, employee development, health and wellness, performance management, management development, the quality of leadership, and organizational design.

¹ Rebecca Ray, Brian Powers, and Peter Stathatos, *Employee Engagement What Works Now?* The Conference Board, Research Report 1504, December 2012 (www.conference-board.org/publications/publicationdetail. cfm?publicationid=2382).

² James K. Harter, et al., *The Relationship between Engagement at Work and Organizational Outcomes: 2012 Q12*[®] *Meta-Analysis*, Gallup, Inc., 2013 (www.gallup.com/strategicconsulting/126806/q12-meta-analysis.aspx).

³ Ibid.

Towers Watson's *Global Workforce Study* lists these five priority areas of focus and the behaviors and actions that matter to employees and are critical to engagement:⁴

- 1 **Leadership** is effective at growing the business, shows sincere interest in employees' well-being; behaves consistently with the organization's core values; earns employees' trust and confidence.
- 2 **Stress and workload** levels are manageable at work; a healthy balance between work and personal life; enough employees in the group to do the job right; flexible work arrangements.
- 3 **Business goals and objectives** are understood by employees, as are the steps they need to take to reach those goals, and how their job contributes to achieving goals.
- 4 **Supervisors** assign tasks suitable to employees' skills, act in ways consistent with their words, coach employees to improve performance, treat employees with respect.
- 5 **Organization's image** is highly regarded by the general public, displays honesty and integrity in business activities.

Regardless of the role that executives play in an organization, engagement matters. Various studies, most notably Gallup's State of the Global Workplace, estimate that the percentage of engaged workers seldom rises above 30.⁵ That is a real disconnect, as many organizations undertake some kind of engagement work but, seemingly, to little avail. This is especially troubling since spending estimates on engagement-related services range from half to almost three-quarters of a billion dollars (US) each year, not to mention the time executives spend in analyzing the results, managers spend in creating "action plans," and workers spend in taking the survey and meeting to discuss actions with their supervisors. When roughly two-thirds of the employee population is either "not engaged" or, even more dangerous, "actively disengaged," there is the potential for serious impacts, including increased workplace accidents, shrinkage, the loss of talent, the inability to launch new products or enter new markets, and the lost opportunity for competitive "first-mover" advantage. Just as companies look to leverage every asset (capital investments, rolling stock, factory equipment, etc.), human capital professionals should galvanize the organization around proven ways to build higher levels of engagement. This report provides the basis with which to have the important conversation—not whether engagement matters, but, rather, what "highly engaged" organizations are successfully doing to create and sustain a culture of engagement and what other organizations can learn from them.

^{4 2012} Global Workforce Study, Towers Watson, 2012 (www.towerswatson.com/assets/pdf/2012-Towers-Watson-Global-Workforce-Study.pdf).

⁵ State of the Global Workplace: Employee Engagement Insights for Business Leaders Worldwide, Gallup, Inc., 2013 (www.gallup.com/strategicconsulting/164735/state-global-workplace.aspx).

Mapping the DNA of Highly Engaged Organizations

The comparison of an organization's culture to deoxyribonucleic acid (DNA), the molecule that encodes the genetic instructions used in the development and functioning of living organisms, is a useful one. Every organization has a unique culture, a unique set of DNA strands, if you will. An analysis of those strands can reveal the basic elements of the culture as well as provide clues as to the ways in which that organization is evolving. What are characteristics of "highly engaged" organizations? How are their cultures different? What do they do differently to create and sustain them? What can we learn from studying them?

Researchers from the three organizations who founded The Engagement Institute—Deloitte Consulting LLP, Sirota, and The Conference Board—enlisted the help of Research Fellows, made up of executives from 15 organizations, to answer these questions. The first step was to align a common understanding of what engagement is (and is not) and to embrace working definitions for both "employee engagement" and "engaging culture."

We identified "highly engaged" organizations to study and relied on six widely accepted rankings to create an expansive cross-section of organizations to consider for the study. To be included in the study, an organization must have appeared on the current (as of January 2014) and/ or previous two rankings of corporate (large, medium, and small) and academic organizations or as a top-five federal agency in any category in:

- FORTUNE: Great Place to Work®: 100 Best Companies to Work For (2014, 2013, 2012)
- FORTUNE: Great Place to Work®: 50 Best Small & Medium Workplaces (2013, 2012, 2011)
- Achievers: 50 Most Engaged Workplaces (2013, 2012, 2011)
- Gallup: Great Workplace Award (2013, 2012, 2011)
- Partnership For Public Service: Best Places to Work in the Federal Government (2013, 2012, 2011)

• The Chronicle of Higher Education: Great Colleges to Work For (2013, 2012, 2011)

While these rankings are conducted by several research organizations using their own methodologies, they share several selection criteria (albeit, phrased differently), including higher levels of engagement, trust in leadership, pride in the organization, and job satisfaction. Additional factors include the quality of leadership, equitable pay, a positive working environment, opportunities for ongoing development, respect and appreciation, and work-life balance.

After examining the pool of more than 400 organizations from the various rankings, the Research Fellows culled the list to the approximately 80 organizations from which they believed they would garner the most insight. Executives at the target organizations who have responsibility for, and the ability to discuss in depth, the engagement programs and initiatives at their organizations were contacted and invited to participate in the study.

While 12 executives completed a comprehensive survey and consented to a recorded interview, 10 of the 12 also agreed to assist with creating an organizational profile. Many provided artifacts, videos, and pictures, and many opened their doors and invited us to visit and learn more from their leadership teams and employees.

In this research, we sought information about the engagement practices of the profiled organizations and, in particular:

- the philosophy underpinning their approach;
- the aspects of their engaging culture, including strategic alignment, physical and virtual workspaces, and the roles played by senior leaders, managers, and employees in building a culture of engagement;
- recent innovations or changes, as well as future plans; and
- evidence of success and the impact of programs and initiatives.

The organizations profiled in this report are exemplars of highly engaging cultures. Their mission statements show that they are focused on improving the lives of their employees, their customers, their communities, and the world. One seeks to improve inner-city and underserved schools so that every child has a quality education, while another provides adult learners a second chance to compete and win. Two provide expert advice to help other organizations improve their processes or their people. One organization provides the building material we depend on in our modern lives, including the automobile. One is a guardian of intellectual property and invention, while another is at the forefront of space exploration with its limitless potential. Back on earth, some strive to feed the world in a sustainable way or deliver happiness in a cardboard box. And one hopes that, through the work that it does to increase homeownership, it will utterly transform a blighted urban area others have abandoned.

Their stories are illustrative and inspiring; we cannot do them justice in a few pages. But we hope that this report serves as a springboard for the journey at your organization. (See profiles beginning on page 37 for additional detail on each organization.)

PROFILED ORGANIZATIONS INCLUDE:











Southern New Hampshire University

TEACHFORAMERICA





The Evolution of Employee Engagement

We are living in the age of human capital.^a A growing body of research shows that employees represent one of the few unique competitive advantages that companies have,^b and human capital practices can affect bottom line results. For example, one study found that companies doing a best-in-class job managing talent outperform their industry's mean return to shareholders by 22 percent.^c As a result, more organizations are seeking ways to unlock the full potential of their workforce. Indeed, research from The Conference Board finds that CEOs identified attracting, retaining, motivating, and engaging **Human Capital** as their top business challenge for 2014, as they had in 2013.^d

In this age of human capital, a growing number of organizations are seeking to win the war for talent by focusing on employee engagement. While various definitions exist, employee engagement is commonly understood as the extent to which employees are emotionally, intellectually, and behaviorally invested in their work, their job, and their organizations.

Over the past decade, interest in employee engagement has increased dramatically, both within organizations and in the academic world. According to a recent study conducted by Bersin by Deloitte, US employers spend \$720 million on employee engagement

- ^a Jac Fitz-enz, *The ROI of Human Capital: Measuring the Economic Value of Employee Performance* (New York: American Management Association, 2000).
- ^b Jeffrey Pfeffer, Competitive Advantage through People: Unleashing the Power of the Work force, (Boston: Harvard Business School Press, 1994); Pfeffer, The Human Equation: Building Profits by Putting People first (Boston: Harvard Business School Press, 1998); Dave Ulrich and Brockbank, W., The HR Value Proposition (Boston: Harvard Business Press, 2005); and Ulrich . and Norm Smallwood, Why the Bottom Line Isn't! How to Build Value through People and Organization (New York: Wiley, 2003).
- ^c Elizabeth L. Axelrod, Helen Handfield-Jones, and Timothy A. Welsh, "War for talent: Part 2," *The McKinsey Quarterly*, 2, pp. 9–12, 2003.
- d Source: The Conference Board CEO Challenge 2014: People and Performance, Reconnecting With Customers and Reshaping the Culture of Work, The Conference Board, Research Report 1537, 2014.

programs annually.^e In our inaugural survey of members of *The Engagement Institute*[™], a research community consisting of more than 100 human capital professionals, we found that 82 percent of organizations have a formal employee engagement program, and 60 percent have had a formal program in place for at least five years. A recent review of the academic literature noted that there has been a sharp and steady annual increase in the number of research articles focused on engagement over the past decade.^f

Despite widespread interest in employee engagement, the concept is still relatively new, and a number of practical and academic questions remain. In recent years, scholars have debated the best way to describe, define, and measure engagement, while business leaders have questioned whether their engagement programs are as effective and impactful as they could be. Below, we review the history of employee engagement, highlighting how the concept has evolved through three distinct phases over the past 25 years.

PHASE 1: ESTABLISHING THE CONCEPT

The concept of engagement was first introduced in 1990 by William Kahn, an assistant professor of organizational behavior at Boston University's School of Management. Based on his observation that people have a choice about how much they are willing to invest themselves in their work, he defined personal engagement as "the harnessing of organizational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively,

e While global estimates do not exist, these findings suggest that organizations around the world are investing more than a billion dollars on employee engagement programs annually.

^f Wilmar B. Schaufeli, "What is engagement?" *Employee Engagement in Theory and Practice,* Catherine Truss, Kerstin Alfes, Rick Delbridge, Amanda Shantz,Emma Soane (Eds.) (London: Routledge, 2013).

The Evolution of Employee Engagement (continued)

and emotionally during role performance."^g Personal disengagement, on the other hand, is characterized by what he described as a "physical, cognitive, and emotional absence, and passive, incomplete role performances." In other words, engaged employees lean in to their work, while disengaged employees check out.

To determine what causes people to engage in their work, Kahn conducted in-depth interviews with employees in two organizations. He found that people invested themselves in their work when they experienced:

- psychological meaningfulness (a sense of doing worthwhile work that makes a difference);
- psychological safety (feeling able to be yourself at work without fear of criticism or negative consequences); and
- availability (a sense of having the physical, emotional, and psychological resources needed to take on a task).

These elements, along with Kahn's initial distinction between engagement and disengagement, are still at the core of many current theories of employee engagement.

While Kahn's work established the engagement concept and spurred thinking and research—particularly among academics—it took a decade for employee engagement to gain widespread interest among practitioners. Two publications, both from Gallup, popularized the concept at the turn of the century. In 1999, *First, Break All the Rules* argued that customer loyalty was contingent on employee engagement, and that, by using Gallup's Q12 employee engagement questionnaire, you could assess the engagement level of your workforce.^h A few years later, Gallup published a seminal research article showing that employee engagement is related to business performance. In its study of more than 8,000 business units in 36 organizations, it found that business units with more engaged employees had lower levels of turnover and absenteeism and higher levels of productivity and customer satisfaction.ⁱ These two publications generated widespread interest among business leaders and human resources professionals and inspired many organizations to start exploring ways to engage their workforce.

PHASE 2: THE PROLIFERATION OF RESEARCH

In the early 2000s, employee engagement became increasingly popular in both the corporate and academic world. Noting the demand for a deeper conceptual understanding, a number of consulting firms developed their own definitions, assessments, and models of engagement. Aon Hewitt, for example, developed its well-known Say-Stay-Strive model, arguing that engaged employees speak positively about their organizations, display a strong level of commitment to their firms, and exert extra effort to help their organizations succeed.^j Towers Watson defined engagement as employees' willingness and ability to contribute to their organization's success. To measure engagement levels, it developed a nine-item index that assesses the extent to which employees are rationally, emotionally, and motivationally connected to their companies.^k And Sirota Consulting developed its Three-Factor Theory of Motivation, arguing that employees are more likely to be engaged when their needs for achievement, camaraderie, and equity are met.1

⁸ William Kahn, "Psychological Conditions of Personal Engagement and Disengagement at Work," Academy of Management Journal, 33, pp. 692–724, 1990.

h Marcus Buckingham and Curt Coffman, First, Break All the Rules: What Great Managers Do Differently (New York: Simon & Schuster, 1999).

James K. Harter, Frank L. Schmidt, and Theodore L. Hayes, "Business-Unit-Level Relationship between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis," *Journal of Applied Psychology*, 87 no. 2, pp. 268–279, 2002.

j www.aon.com

k www.towerswatson.com

Dave Sirota, Louis A. Mischkind, and Michael Irwin Meltzer, *The Enthusiastic Employee: How Companies Profit by Giving Workers What They Want* (Indianapolis, IN: Wharton School Publishing, 2005).

The Evolution of Employee Engagement (continued)

In the academic world, interest in employee engagement coincided with the positive psychology movement that emerged at the turn of the century. This movement seeks to understand the conditions under which people flourish in work and life^m and "created the fertile soil that made engagement research blossom in academia." Searching for ways to understand what makes people healthy and successful in work settings, scholars started producing a steady stream of research that explored engagement from various angles. Some, like Alan Saks—a professor at the University of Toronto and the Rotman School of Management-posited that engagement is a multidimensional construct, emphasizing that it is important to distinguish between job engagement (investment in one's job) and organizational engagement (investment in one's organization).° Others, like Wilmar Schaufeli and his colleagues, argued that engagement is the opposite of job burnout and defined the construct as "a positive, fulfilling, work related state of mind that is characterized by vigor, dedication, and absorption."^p Among academic researchers, the corresponding Utrecht Work Engagement scale^q which measures the extent to which employees feel vigorous, dedicated, and absorbed at work-has been the most frequently utilized engagement assessment to date.^r

- ^m Emma Bridger, "The Positive Psychology of Employee Engagement," *Voice: The Engage For Success Magazine,* February 2014; and Martin E.P. Seligman, and Mihaly Csikszentmihalyi, "Positive Psychology: An Introduction," *American Psychologist,* 55 no. 1, pp. 5–14, 2000.
- ⁿ Schaufeli, "What is engagement?" *Employee Engagement in Theory and Practice*.
- Alan M. Saks, "Antecedents and consequences of employee engagement," *Journal of Managerial Psychology*, 21, pp. 600–619, 2006.
- P Schaufeli, Marisa Salanova, Vicente González-Romá, and Bakker, A.B. "The measurement of engagement and burnout: A two sample confirmatory factor analytic approach," *Journal of Happiness Studies*, 3, pp. 71–92, 2002.
- 9 Schaufeli and Bakker, Utrecht Work Engagement Scale: Preliminary manual. Occupational Healthy Psychology Unit, Utrecht University, 2003.
- r Schaufeli, "What is engagement?" Employee Engagement in Theory and Practice.

During the first decade of the twenty-first century, research on employee engagement proliferated. Over the course of 10 years, the number of engagementfocused academic publications increased from just a handful in 2000 to more than 300 by 2012.^s Scholars explored various causes and consequences of engagement, discovering that engagement is related to everything from supervisor support to employee well-being.^t At the same time, practitioners in the field discovered more evidence for the link between engagement and performance. For example, after initiating an employee engagement program, Caterpillar reported that performance output in one facility increased 70 percent, customer satisfaction increased 34 percent, and absenteeism, turnover, and overtime dropped, yielding an \$8.8 million annual savings.^u JC Penney found that sales volume was 10 percent higher in highly engaged (top quartile) versus less engaged (bottom guartile) stores.^v These positive outcomes are echoed by research in the government sector, notably by the U.S. Merit Systems Protection Board, which found "a significant relationship between the average level of employee engagement in agencies and ... agency results as measured by the Office of Management and Budget's Program Assessment Rating Tool (PART): Higher levels of employee engagement correlated to higher scores on the program results/accountability portion of the PART."

s Ibid.

- t Jari J. Hakanen, Arnold B. Bakker, and Schaufeli, "Burnout and work engagement among teachers," *Journal of School Psychology*, 43, pp. 495–513, 2006; Hakanen and Schaufeli, "Do burnout and work engagement predict depressive symptoms and life satisfaction? A three-wave seven-year prospective study," *Journal of Affective Disorders*, 141, pp. 415–424, 2012.
- ^u Robert J. Vance, *Employee Engagement and Commitment: A Guide to Understanding, Measuring and Increasing Engagement in Your Organization* (Virginia: SHRM Foundation, 2006).
- V Mark Attridge, "Measuring and Managing Employee Work Engagement: A Review of the Research and Business Literature," *Journal of Workplace Behavioral Health*, 24, p. 4, 2009.
- W U.S. Merit Systems Protection Board, *The Power of Federal Employee Engagement*, p.iii, 2008 (www.mspb.gov/netsearch/ viewdocs.aspx?docnumber=379024&version=379721).

The Evolution of Employee Engagement (continued)

Despite a growing body of research, a number of questions remained by the end of the decade. In a 2008 review of the engagement literature, William Macey and Benjamin Scheider opened by stating: "The meaning of employee engagement is ambiguous among both academic researchers and among practitioners who use it in conversations with clients."x The authors then showed how employee engagement has been conceptualized, defined, and assessed in a myriad of ways by various researchers. In part, they said, this variance is because the engagement concept became so popular so guickly, with a number of competing conceptual frameworks emerging. The report concluded by noting that, while engagement may provide a competitive advantage, it is not a silver bullet. What is needed, it said, is a clearer definition of the construct, along with a much better understanding of the conditions that foster engagement: "companies that get these conditions right will have accomplished something that competitors will find very difficult to imitate."

PHASE 3:

FROM RESEARCH TO IMPACT

After a quarter century of research, analyses, interventions, and investments, employee engagement is now a well-established concept in most organizations. In fact, in our recent poll of human capital and human resources professionals, 90 percent of respondents said their senior leadership team recognizes the value of employee engagement, and 79 percent said that senior leaders consider engagement to be a key driver of business performance.^y But only 41 percent agreed that their engagement programs meet their intended objectives, only 52 percent felt their organization is effective at turning engagement data into action, and only 50 percent agreed that their leaders and managers understand how to build a culture of engagement. These results suggest that while engagement is widely valued, practitioners have concerns about the effectiveness and impact of their engagement efforts.

THE NEXT PHASE: EFFECTIVE STRATEGIES AND PRACTICES

As a result, more organizations today are searching for practical engagement strategies and practices that work. This represents the next chapter in the evolution of the engagement concept. While much still needs to be done to clarify definitions and resolve measurement issues, many business leaders, human capital professionals, and engagement specialists are principally concerned with mastering the art of engaging their workforce. This is not to suggest that the science of engagement is trivial to practitioners: it is often said that you get what you measure, and, in our inaugural member poll, we found that 30 percent of respondents were not satisfied with the way their organizations currently measure engagement. But as construct concerns and theoretical debates are ironed out, the key question in many organizations is, "How can we bring out the best in our workforce on a daily basis?"

X William H. Macey, and Benjamin Scheider, "The Meaning of Employee Engagement," *Industrial and Organizational Psychology*, 1, pp. 3–30, 2008.

У More than 100 organizations were surveyed for the Inaugural Engagement Institute survey. This survey was sent to all members of The Engagement Institute™, representing organizations with strong interests in employee engagement. Most, but not all, responded to the survey.

Our Selected Definition of Engagement

Given the many, albeit similar, definitions of employee engagement, the Research Fellows looked to adopt one as the guide for the purposes of this study. The elements of engagement (cognitive commitment, emotional attachment, and behavioral outcomes) that virtually all thought leaders in the engagement space embrace are found in this definition by The Conference Board that was selected:

Employee engagement is a heightened emotional and intellectual connection that an employee has for his/her job, organization, manager, or coworkers that, in turn, influences him/her to apply additional discretionary effort to his/her work.⁶

Our Working Model of Employee Engagement

To conduct our study of highly engaging cultures, we employed a mixed-method approach that consisted of surveys, interviews, and onsite observations (for more details on our research method, see page 87). All aspects of our study were informed by our working model of engagement, which we developed based on the academic and practitioner literature. (See "The Evolution of Employee Engagement" on page 12 for further discussion about early seminal research on engagement.)

At the core of our model (see figure, right) are two fundamental distinctions. First, informed by the multidimensional conception of engagement by Alan Saks,⁷ we made a distinction between job-focused and organizationfocused practices. Saks's research suggests that the antecedents and consequences of job- and organizationallevel engagement are different. As we conducted our research, we felt it was important to parse out the ways that organizations drive engagement at both levels.

Second, we looked to William Kahn's 1990 work, which emphasized that engagement consists of an emotional,

cognitive, and behavioral component.⁸ While we think all three components are critical, we concluded that we would not be able to collect data on behavioral engagement in a valid or reliable way across organizations (unfortunately, behaviorally based data such as absenteeism or turnover rates were not available for analysis across organizations). Therefore, we focused our research on how organizations win the hearts (emotional engagement) and minds (cognitive engagement) of their workforce.

The research team settled on the definition established by The Conference Board for a "culture of engagement":

a set of accepted organizational values, behaviors, and practices that promotes increasing levels of engagement as a cultural norm.⁹

Key Elements of Employee Engagement

In this study of highly engaged businesses and institutions, we discovered eight factors that have helped each organization build a culture of engagement.

- 1 Alignment of business strategy and engagement strategy
- 2 An organizational philosophy that emphasizes a core purpose
- 3 Formal programs and policies that drive the engagement agenda
- 4 Open, proactive, leader-driven communication about engagement
- 5 A workplace (physical and virtual) and organizational structure that promotes collaboration and inclusion
- 6 A regular cadence for assessment and follow-up
- 7 Leaders who are expected and empowered to build engagement
- 8 Demonstration of the business impact of engagement

⁶ John M. Gibbons, *Employee Engagement: A Review of Current Literature and Its Implications,* The Conference Board, Research Report, 2006 (www.conference-board.org/publications/publicationdetail.cfm?publicationid=1238).

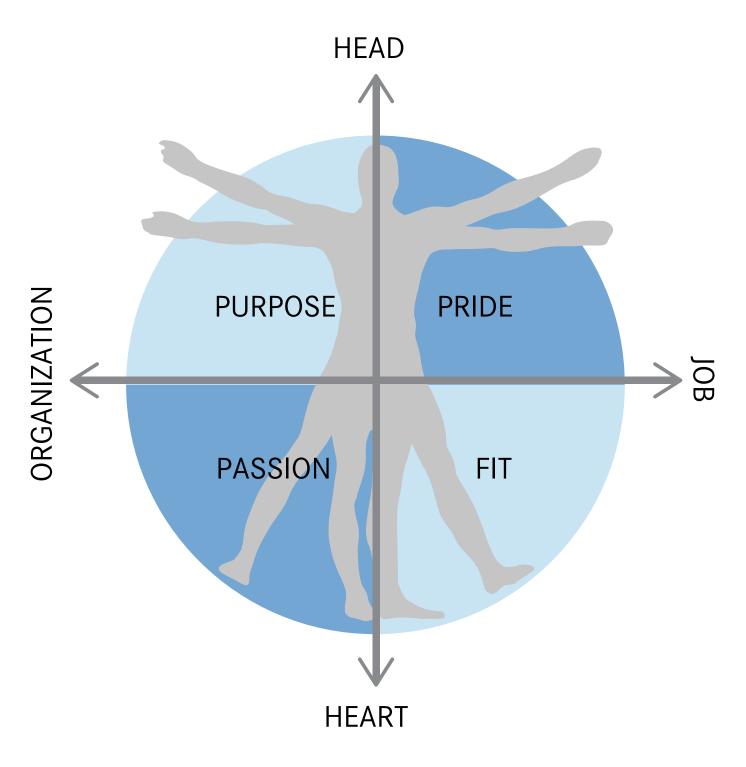
⁷ Alan M. Saks, "Antecedents and consequences of employee engagement," *Journal of Managerial Psychology*, Vol. 21, pp. 600– 619, 2006.

⁸ William A. Kahn, "Psychological conditions of personal engagement and disengagement at work," *Academy of Management Journal*, Vol. 33, pp. 692–724, 1990.

⁹ Rebecca L. Ray, Peter Stathatos, and Brian Powers, *Employee Engagement: What Works Now?* The Conference Board, Research Report 1504, 2012, p. 22 (www.conference-board.org/publications/publicationdetail.cfm?publicationid=2382).

Model for Engaging Cultures

High levels of alignment of employees with all four of these dimensions



Source: The Conference Board, 2014

These factors, described in detail in the next chapter, emphasize that the art of engaging employees starts with a clear set of values and a compelling mission; is supported by strategies, policies, and practices that are both people- and performance-focused; and results in an environment that allows employees to reach their full potential at work.

Based on these two distinctions (job versus organization; head versus heart), a simple model consisting of four quadrants emerged. The team felt that there needed to be high levels of alignment of employees with all four of these dimensions in order to be "highly engaged." Using this model, we determined the four fundamentals we wanted to understand about the organizations in our study:

- How do high-engagement organizations create a sense of purpose? In light of research highlighting the importance of meaningfulness at work,¹⁰ how do organizations create a sense of meaning, purpose, and mission for their employees?
- 2 How do high-engagement organizations instill a sense of pride among employees? How do these organizations create an emotional attachment with their staff?

- 3 What formal and informal practices do organizations implement to elicit high levels of passion and energy from their workforce on a day-to-day basis?
- 4 How do organizations create promising jobs for their employees? What do they do to create a sense of fit and growth?

Informed by these basic questions, we developed our research protocols, survey items, and analytic frameworks. This model helped us determine the questions we asked, the data we gathered, the analysis we conducted, and the final conclusions.

¹⁰ Michael F. Steger, Bryan J. Dik, and Ryan D. Duffy, "Measuring Meaningful Work: The Work and Meaning Inventory (WAMI)," *Journal of Career Assessment*, (0), pp. 1–16, 2012.

Strengthening the Bonds: The Genetic Code of Highly Engaging Cultures

This research examined 12 highly engaged organizations to identify the common approaches and practices that characterize a culture that helps build and sustain high levels of employee engagement. Through interviews with engagement executives, observation via onsite visits, a scan of the extant literature in academic, trade, and business publications, and insights from survey data, the research revealed a consistent set of cultural attributes shared among these organizations.

Eight elements emerged that define the common orientation and approach used by highly engaged organizations to enable a culture that drives engagement in their workforce:

- 1 Alignment of business strategy and engagement strategy
- 2 An organizational philosophy that emphasizes a core purpose
- 3 Formal programs and policies that drive the engagement agenda
- 4 Open, proactive, leader-driven communication about engagement
- 5 A workplace (physical and virtual) and organizational structure that promotes collaboration and inclusion
- 6 A regular cadence for assessment and follow-up
- 7 Leaders who are expected and empowered to build engagement
- 8 Demonstration of the business impact of engagement

Throughout this chapter, each element will be explored, along with specific examples of what the highly engaged organizations in this study do to create a culture that builds and sustains high levels of engagement.

1. Alignment of Business Strategy and Engagement Strategy

A SPECIFIC BUSINESS CASE FOR EMPLOYEE ENGAGEMENT HAS BEEN DETERMINED AND IS EMBRACED BY SENIOR LEADERS, MANAGERS, AND EMPLOYEES

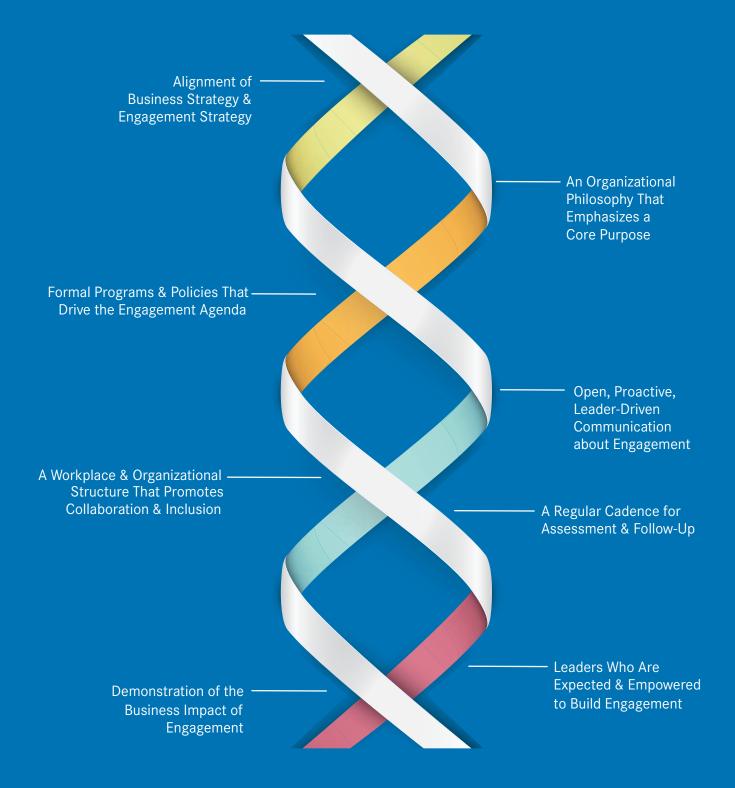
Highly engaged organizations view employee engagement as being closely linked with the achievement of business objectives, and they share an understanding that building a culture of engagement will bring about tangible benefits for the business. They have a clearly defined concept of what engagement looks like in their organizations, what the major drivers of engagement are, and how engagement relates to their business strategy. Engagement is a thread that runs through many aspects of the business strategy and functions as a supporting or enabling mechanism.

"Leaders who want to hold the fabric of their business together can begin by connecting strategy with culture, goals with engagement, and values with actions. It can mean the crucial difference between an organization becoming exceptional – or coming apart at the seams."

Punit Renjen Chairman, Deloitte LLP

Source: "What Really Drives Employee Enagement?" ChiefExecutive. net (http://chiefexecutive.net/what-really-drives-employeeengagement)

Sequencing the 8 key elements of a highly engaging culture



Source: The Conference Board, 2014

Executives at 90 percent of highly engaged organizations agree that senior leadership in their organization considers engagement to be a key business driver and performance indicator.¹¹ As an example, Quicken Loans views employee engagement as inextricably linked to the business outcome of customer experience. Leaders share the belief that a core and critical enabler of an "amazing" customer experience is an engaged workforce that readily and proactively takes steps to achieve positive outcomes for customers, solves problems when they occur, and acts responsively to every call. The business case for engagement-that a differentiated customer experience cannot be achieved without highly engaged employees and that customer experience is an essential driver of business performance—is embraced to such an extent that Quicken Loans does not measure employee engagement on its own. Rather, it tracks customer experience because the company views the two outcomes as one and the same. When data suggest concerns with the customer experience, Quicken Loans looks to the employee experience for root causes and uses team dialogue to understand what can make its employees happier and more productive to better serve its customers.

INDUSTRY-LEADING INVESTMENT OF TIME, MONEY, AND RESOURCES IN ENGAGEMENT ACTIVITIES

The majority (67 percent) of highly engaged organizations in our survey have two or more employees dedicated fulltime to the engagement function, and 83 percent invest more than \$100,000 annually on their employee engagement programs.

Southern New Hampshire University invests in additional compensation for faculty members who best exemplify the practice of creating an engaging culture, not only for themselves and other employees but also for students. For the second year in a row, 14 full-time faculty members were awarded \$3,000 bonuses for implementing ways of engaging students in the education experience above and beyond the traditional course curriculum.

ENGAGEMENT IS INTEGRATED WITH ALL BUSINESS FUNCTIONS AND HELPS SHAPE BUSINESS STRATEGY

Highly engaged organizations ensure that the engagement function does not operate independently of the core business. In other words, these organizations do not partake in engagement for engagement's sake; they view building an engaging culture as a business imperative. Among the highly engaged organizations, 73 percent integrate engagement within their business decision-making processes to a "great extent."

At Whole Foods Market, teams engage in the practice of voting whether to extend offers to new employees after a 30- to 90-day trial period. This reinforces the notion that teams—not corporate management—are ultimately responsible for creating and sustaining the atmosphere and level of performance that they choose. Teams directly benefit from driving for higher performance; in the company's gainsharing program, teams absorb unused labor budgets as extra earnings, demonstrating the belief that employees should reap the benefits of increased productivity, rather than simply adding it to the company balance sheet.

2. An Organizational Philosophy That Emphasizes a Core Purpose

MISSION, VISION, AND VALUES TAKE PRECEDENCE

Seven out of 12 highly engaged organizations agree that employee actions demonstrate commitment toward achieving organizational goals. Additionally, when asked "What does a culture of engagement look like at your organization?" half responded that it is heavily defined, if not influenced solely, by organizational values and their mission and vision statements. Quicken Loans has a set of "ISMs," the name the company uses for values that it espouses as a guiding framework for all employees. ISMs are the company's way of defining and communicating a philosophy regarding the values and behaviors required to achieve core organizational purpose. Every new employee is introduced to the ISMs within his or her first 30 days via an eight-hour session led by founder and chairman Dan Gilbert and CEO Bill Emerson. This highly visible aspect of company culture and values is present across the organization (e.g., in communications, artifacts, such as books

¹¹ While 12 organizations responded to the survey, some questions were left unanswered or marked as "not applicable" for one or more organizations. These responses were not included in the analysis.

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ISMs figures represent values and are incorporated visually in the workspace.

Source: Quicken Loans

and posters, and talent development practices) and is heavily emphasized in terms of the role it should play in everyday interactions on the job.

ENGAGEMENT IS SEEN AS THE MEANS TO ACCOMPLISH THE MISSION

Highly engaged organizations see engagement as more than a standalone program or yearly survey. Engagement drives activities and decisions at the organizational level and is a core element of the business strategy. NASA's vision is "To reach for new heights and reveal the unknown so that what we do and learn will benefit all humankind." In the survey conducted for this report, NASA chief human capital officer Jeri Buchholz articulated that this vision "requires every employee to be committed to seeking ways to promote advances in his or her discipline area." Leaders recognize it is essential to the agency's progress to have an active and deep culture of engagement, which allows for and nurtures employee behavior, such as continuous learning, innovation, and experimentation.

"During the heat of the space race a group of reporters had a few minutes to kill while waiting to interview some key NASA officials at Cape Canaveral. They saw a janitor walking toward them, broom in hand, and figured why not get some B footage for filler. So microphone and camera ready, a reporter asked the janitor, 'So what's your job at NASA?' The janitor looked straight into the camera and said, 'It's my job to help put a man on the moon.'"

Source: "How to Put a Man on the Moon," American Management Association (www.amanet.org/Blog/post/How-to-Put-a-Man-on-the-Moon.aspx)

Deloitte described this as being manifested in leadership regularly speaking to professionals about the organization's people and how their work has made an impact on client organizations, the customers they serve, and on communities, if not society, at large.

WIDESPREAD, BASIC ASSUMPTION THAT THE ORGANIZATION EXISTS TO BENEFIT EMPLOYEES, CUSTOMERS, STAKEHOLDERS, AND COMMUNITIES

"Of everything we accomplished last year, what makes me the most proud is that our team still took time to lend a hand to those in need in the communities where we live, work, and play. It is that passion for doing the right thing and caring about others that lays the groundwork for our success."

Bill Emerson CEO, Quicken Loans

Source: "FORTUNE Magazine Names Quicken Loans a Top-5 Best Place to Work in America," press release, January 16, 2014 (http:// finance.yahoo.com/news/fortune-magazine-names-quickenloans-135300315.html)

Highly engaged organizations emphasize a core purpose that does not entail mere financial or operational objectives. These organizations create a common understanding among employees that they play a role in creating value for the entire ecosystem involved in the business, including employees, customers, and the community. Their cultures are keenly focused on a greater purpose to which employees aspire; they are diligent in reinforcing the notion that the organization is in business for more than just making a profit.

Teach For America aims to contribute additional leaders to the growing movement to end educational inequity, and executives regularly emphasize the importance of retaining engaged and committed employees, invested leaders, and active community partners. Managers in the organization are tasked with making a clear connection between employees' daily activities and the greater mission of benefitting children and communities.

The Mars Science Laboratory (MSL) team in the MSL Mission Support Area react after learning the Curiosity rover landed safely on Mars. Connecting people to each other and to the missions is one of NASA's three areas of focus to drive its culture.

Source/Image Credit: NASA/Bill Ingalls

A core aspect of Whole Foods Market's vision is that the company does not exist only to be a profitable food retailer, but that it also strives to benefit customers, employees, society, and the environment. This belief is apparent in the way that business is conducted, as evidenced by practices such as only selecting suppliers that are environmentally responsible, partnering with nonprofit and nongovernmental organizations that advocate for health and nutrition, and incentivizing employees to lead healthy lifestyles by offering additional benefits to those who refrain from tobacco use or maintain lower cholesterol levels.

3. Formal Programs and Policies That Drive the Engagement Agenda

ROBUST, INTEGRATED SERIES OF HUMAN CAPITAL PROGRAMS AND PRACTICES THAT ARE DESIGNED TO PROMOTE ENGAGEMENT THROUGHOUT THE EMPLOYEE LIFECYCLE

Highly engaged organizations recognize that a culture of engagement needs to be nurtured from the time employees are recruited and at each subsequent point on the employment lifecycle. In highly engaged organizations, engagement practices are most frequently integrated with leadership development and diversity and inclusion (82 percent of surveyed organizations integrate to a "great extent"). Engagement practices are also commonly integrated with learning and development (70 percent) and compensation and benefits (55 percent), as well as performance management, talent acquisition, and onboarding (45 percent). It is important to note that there are no common programs or policies that are shared across all highly engaged organizations. Rather, these organizations have identified critical integration points across talent management processes and use those to drive engagement in a way that is tailored to their unique cultures and engagement strategies.

At DDI, the engagement strategy is integrated into employees' experiences even before they officially join the organization. The company hires "engagement ready" employees. Cultural fit is a key determinant during candidate selection, with a balanced focus on behavioral competencies as well as technical proficiency, so that new hires are brought into an environment with which they are compatible. DDI's vision and values are emphasized throughout new hire orientation and are explained through scenario-based learnings. Following orientation, employees engage in conversations about how their roles directly contribute to organizational outcomes, and employee engagement objectives are integrated into individual development plans and the performance management goals of their managers.

"We have 10 core values, and when we hire people, we make sure they have similar values. For example, one of our values is to be humble. If someone comes in and is really egotistical, even if they are the greatest, most talented person technically and we know they could do a lot for our top or bottom line, we won't hire them, because they're not a culture fit."

Tony Hsieh CEO, Zappos.com

Source: Robert Reiss, "Tony Hsieh on His Secrets of Success," Forbes.com, July 1, 2010 (www.forbes.com/2010/07/01/tony-hsieh-zappos-leadershipmanaging-interview.html)

THE ORGANIZATION, LEADERS, MANAGERS, AND EMPLOYEES CONSISTENTLY RECOGNIZE AND REWARD VALUED CULTURAL BEHAVIORS, AS WELL AS THE ACCOMPLISHMENT OF INDIVIDUALS, TEAMS, AND THE ORGANIZATION ITSELF, IN BOTH FORMAL AND INFORMAL WAYS

From small informal moments of appreciation of a teammate's help to formal award ceremonies, highly engaging cultures seek to articulate and reinforce the behaviors that are to be emulated or the levels of performance that are to be replicated.

US Patent and Trademark Office (USPTO) provides monetary gainsharing awards tied directly to production and other group goals like backlog reduction. In addition, nonmonetary awards for significant achievements are utilized. These career and special achievement awards (bronze, silver, and gold medals) are highly selective and are commemorated with public ceremonies that include family members, supervisors, and others. There is also a "Leadership in Action" award for which employees nominate their supervisors.

Southern New Hampshire University rewards faculty and employees who exemplify high levels of engagement with students. In addition to providing widespread recognition, the university awards bonuses very aggressively compared to many nonprofits. It is not unusual for employees to get \$10,000 to \$40,000 bonuses based on student engagement. These bonuses send the message that if the university does well, it will reward all of its employees and publicly recognize their role in the university's constant improvement. According to Paul LeBlanc, president of SNHU: "We had a particularly good year. We moved the dial on our graduation rates and our persistence rates, so every single one of our hourly employees got a \$300 bonus, and we tied it to that. The message was: 'Everyone's had a role in this improvement....Thank you.'"

4. Open, Proactive, Leader-Driven Communication about Engagement

ROBUST, CONSISTENT, ALIGNED COMMUNICATION STRATEGIES ARE DEPLOYED ON A REGULAR BASIS

Highly engaged organizations are diligent about keeping employees at all levels informed about organizational priorities and objectives. This is also true of engagement data: highly engaged organizations tend to proactively communicate engagement data and their specific intentions to act upon the results and make organizational improvements.

The majority (92 percent) communicate engagement data via company-wide communication methods (e.g., newsletters, intranet, and blogs), department head communication to staff, and in manager feedback meetings; 75 percent also conduct senior leader briefings. Organizations using multiple methods of communication should ensure that targeted, consistent messages reach the workforce.

At Alcoa, the CEO hosts regular town-hall meetings in which engagement survey results are featured. These organization-wide forums present top drivers of engagement, and, during these meetings, the CEO announces the next focus areas for building engagement. "We put a lot into employee engagement. People get fired over not doing a good job as managers and not being able to engage their employees. The engagement of women across the company, of the 58,000 people who participate in the survey each year, women traditionally are at higher engagement levels than men. That alone, from a productivity standpoint, has a great impact."

Jack Bergen Vice President, Corporate Projects, Alcoa

Source: "2013 Catalyst Awards Conference Breakout Session: Alcoa's Jack Bergen" (www.youtube.com/watch?v=Spw7NJ-I5Hk)

Southern New Hampshire University uses storytelling as a core aspect of its approach to communication. Leadership uses stories and student testimonials to highlight and share examples of mission-focused behaviors. The stories are publicized across several platforms—in townhall forums, management meetings, videos, and social media—to create a tangible, shared understanding of what it means to be engaged and able to contribute to the organization's objectives.

LEADERS AND MANAGERS ARE ENGAGED IN REGULAR TWO-WAY DIALOGUE WITH EMPLOYEES THROUGH TOWN HALLS AND SKIP-LEVEL MEETINGS

Highly engaging cultures are also characterized by providing ample opportunities for employees to engage directly with leadership. Rather than simply delivering messages top-down, the highly engaged organizations also create avenues for employees to provide feedback, offer suggestions, and voice concerns.

USPTO uses multiple communication and collaboration tools, including blogs, town-hall meetings, and periodic Q&A sessions. During these sessions, managers can engage in a dialogue about any desired topic, and questions can be submitted ahead of time or asked and answered in real time. This provides a venue for top-of-mind subjects to be openly discussed and can drive engagement by showing immediate responsiveness from leadership.

Fifty-five percent of Deloitte's client-facing workforce consists of millennial-aged professionals. Deloitte leaders know that their professionals' needs and expectations are changing, and they must adapt to stay competitive. The company offers numerous career paths, tools, and options to match their personal goals; this process begins with conversations with managers.

COMMUNICATION FLOWS EFFECTIVELY FROM ALL LEVELS (UP, DOWN, AND ACROSS) AND IS CONSISTENT AND TRANSPARENT

Highly engaged organizations put infrastructure in place to empower employees to communicate with peers, leaders, and direct reports. The proactive sharing of information and transparency about expectations ensures that consistent messages are heard, despite the use of multiple vehicles and forums for communication.

Social media provides a means of open, extensive communication between employees and leaders throughout an organization. In fact, active participation in these virtual communities is seen as an indicator of an engaged workforce at many organizations, such as Teach For America.

Whole Foods Market sees transparency as a key driver of engagement and practices it as a key principle for its employee communications and policies. For example, the company takes part in the unique practice of releasing every employee's total salary and bonus from the previous year in its annual wage disclosure report. If team members have questions regarding the internal and/or external equity of their compensation, they are encouraged to make an appointment with their store's HR representative and review the wage disclosure report.

SYMBOLS, STORIES, AND ARTIFACTS HELP EMPHASIZE THE ORGANIZATION'S ENGAGEMENT CULTURE

Highly engaged organizations reinforce their values and drive employee engagement through the use of narratives and visual manifestations of their culture. Storytelling is a common way of conveying a shared purpose, and many of the highly engaged workplaces are characterized by prominent displays of organizational values, mission, and vision through posters, plaques, and murals.

At NASA, visual artifacts that orient employees toward a common purpose are abundant. Throughout the workplace, there are images of astronauts, space shuttles, lunar vehicles, and other objects associated with space exploration. This has the effect of reminding employees that they are part of a greater vision, no matter what role they play in the Administration, and it connects and engages them in a shared mission.

The language used at Whole Foods Market acts as a symbol of the collaborative culture and drives a sense of "shared fate and self-responsibility." The organization is purposeful about the terms it uses to refer to employees. For instance, there are no "managers," but there are "leaders." No one is an "employee"; everyone is a "team member." This creates an atmosphere that drives engagement, as team members feel greater ownership in their work and share a collective experience.

5. A Workplace (Physical and Virtual) and Organizational Structure That Promotes Collaboration and Inclusion

PHYSICAL SPACE IS DESIGNED WITH EMPLOYEE ENGAGEMENT AND PERFORMANCE IN MIND

Highly engaged organizations recognize that the physical environment in which employees work can have a profound impact on behavior. With this in mind, offices are designed to promote an engaging culture and foster higher levels of performance.

For example, Quicken Loans designed its offices to maximize employees' ability to deliver a high level of customer service. Customer-facing employees at Quicken Loans work in areas constructed to fuse together "elements of fun and functionality." Colorful spaces include ceiling and divider materials that reduce background noise so that customers can feel like they are speaking with a person one-on-one rather than a call center. The workplace also includes spaces for employees to relax and recharge during breaks so they can focus later, when back on the job.

ORGANIZATIONAL STRUCTURE PROMOTES HIGHLY EFFECTIVE LEVELS OF TEAMWORK AND COORDINATION

Highly engaged cultures tend to be characterized by a significant degree of collaboration among employees. Many strive to enhance employee collaboration and foster greater teamwork through structure and operations via clear and well-understood reporting lines, accountabilities, and responsibilities. They also empower employees to identify and act upon solutions that contribute to organizational objectives. Highly engaged organizations display a relative absence of "red tape" or rigid policies that inhibit innovation, cooperation, or responsiveness.

Zappos is pioneering a new approach to building greater teamwork and coordination through a Holacracy[®] structure.¹² The company has chosen to depart from traditional team structures and embrace a new model that de-emphasizes titles, roles, and levels, and emphasizes agility. The goal is to make it much easier for teams to collaborate and make decisions in a more inclusive way. This does not mean that Zappos's approach eliminates structure. When issues or decisions need to be elevated, there is a defined series of "circles" that can approve or override decisions made at the level below, and this structure flows up to the executive level. However, this structure is used on an elective basis. This enables teams to be more responsive to business needs and customers and encourages team members to execute needed tasks without being bound by a rigid division of duties or waiting for approval. Employees are free to shift their focus and responsibilities as they see fit, rather than waiting for someone else to fill the gap.

VIRTUAL NETWORKS AND INFRASTRUCTURE HAVE BEEN ESTABLISHED TO BUILD COMMUNITY FOR VIRTUAL WORKERS

With the growing prevalence of working virtually and collaborating with geographically dispersed teams, the highly engaged organizations are ahead of the curve in fostering engagement in the virtual workforce. While not all highly engaged organizations are able to offer virtual work arrangements (e.g., manufacturing operations that require work on premises), those that do have found ways to also engage their virtual employees. At USPTO, corporate programs are always offered with a virtual option to ensure the large telecommuting population has access. The organization endeavors to build engagement and inclusion of this population through formal infrastructure, such as virtual collaboration technology and manager training, and informally through efforts like encouraging teams to include virtual workers in fun activities—for example, by sponsoring remote workers to order their own refreshments locally during a team "pizza day."

"The USPTO believes our implementation and progress in teleworking programs is recognized as a model for other federal agencies to consider as a best practice. We are proud of the contributions made thus far from our participants, which we believe will assist in achieving our strategic goals and mission."

Margaret Focarino USPTO Commissioner for Patents

Source: Roy Maurer, "Report: 'Hoteling' Employees at Patent Office Work More, Cost Less," SHRM, March 9, 2012 (www. shrm.org/hrdisciplines/staffingmanagement/articles/pages/ hotelingusptoemployees.aspx)

6. A Regular Cadence for Assessment and Follow-Up

ORGANIZATION HAS A ROBUST, REGULAR, AND INTEGRATED PROCESS FOR MEASURING, ANALYZING, AND ACTIONING EMPLOYEE ENGAGEMENT DATA ACROSS THE EMPLOYEE LIFECYCLE

Ten out of the 12 highly engaged organizations have a formal process for surveying employee engagement. In addition to broad-based surveys that assess the entire population of employees, some employ additional measurement techniques. While not all highly engaged organizations deploy a formal engagement survey, they all have some process in place for tracking engagement and how their cultures are contributing to organizational and

¹² For more information about Holacracy, visit HolacracyOne at (www.holacracy.org). See also the Zappos case study on page 74.

business objectives. Most important, highly engaged organizations have a defined and robust approach to taking action based on engagement data or feedback.

The most common approach to tracking engagement for highly engaged organizations is to measure enterprisewide on a year-over-year basis. Additional practices include benchmarking engagement performance against external organizations, coupling engagement surveys with culture diagnostics, and ensuring robust demographic data so insights can be generated for specific groups, as well as at the organization level. Together, these practices enable organizations to better identify drivers of engagement and locate where intervention programs should be directed and whether they have helped to improve engagement.

At DDI, survey data are compiled and analyzed for trends and themes. Comparisons to the previous survey administered are made, and the engagement section of the survey allows for comparisons to client ratings. Verbatim comments are coded into topical areas to reveal themes. Because the survey is taken anonymously, employees feel free to be candid-both in terms of what they like best about DDI and what they would like to see improved. From the results, business unit and team reports are generated and shared with the appropriate executives and leaders. A detailed plan is distributed along with the results and a memo from the president, providing expectations for sharing and actioning results. Department managers are expected to share their results and agree to a minimum of two actions their team will be taking over the next fiscal year to address opportunities for improvement. These plans are then submitted to the president.

A WORKFORCE ANALYTICS PRACTICE HAS BEEN ESTABLISHED TO DEVELOP A DEEP UNDERSTANDING OF THE EMPLOYEE EXPERIENCE AT WORK

Highly engaged organizations also integrate additional operational data and proxy measures into their approach for assessing engagement. Southern New Hampshire University uses granular performance metrics and predictive analytics to identify real-time progress. This is conducted at the individual level (i.e., instructor and student performance) as well as the organizational level (i.e., class, academic program, business line, and function). The university is able to use the outputs of its analyses, for example, to follow up on engagement planning by tracking levels of student-teacher interactions and the corresponding levels of student satisfaction and learning.

"We encourage employees to fill out the employee viewpoint survey, and we promote it as each individual employee's opportunity to tell the NASA administrator how things are going. Our administrator takes the survey very seriously, and we make sure that our employees know that their individual voice matters in that respect. This year, we had employees suggest additional questions for the survey. Then we allowed the NASA workforce to vote on which questions they would like to see included. That was a good way to get feedback from the workforce about what they think is important and what agency leadership should focus on. We're really trying to create more virtual collaboration and virtual interaction between agency leadership and the workforce."

Jeri Buchholz Chief Human Capital Officer, NASA

Source: Tom Fox, "The NASA Approach to Keeping Employees Engaged," *Washington Post,* July 26, 2013 (www.washingtonpost. com/blogs/on-leadership/wp/2013/07/26/the-nasa-approach-tokeeping-employees-engaged/)

7. Leaders Who Are Expected and Empowered to Build Engagement

LEADERS AND MANAGERS ARE ACCOUNTABLE FOR EMBRACING AND DRIVING ENGAGEMENT EFFORTS

Most (91 percent) highly engaged organizations hold executives and senior management accountable for acting on engagement survey results to a "great extent." In these organizations, driving engagement is viewed as a core responsibility of anyone who leads other people, and such expectations are clearly defined, measured, recognized, and rewarded. Approximately one-third (36 percent) also set expectations that individual contributors are held accountable for acting on survey results to a "great extent."

At Alcoa, senior leaders set engagement targets that cascade through the organization: for example, an executive will identify areas for improvement within their business and will require the leaders within that area to submit action plans to improve. Additionally, crossfunctional focus groups include both full- and part-time employees, with the goal of generating robust insights about how the workplace can be continuously improved.

ORGANIZATION FOCUSES ON SUPPORTING LEADERS AND MANAGERS TO HAVE EFFECTIVE DIALOGUES THAT LEAD TO UNDERSTANDING AND ACTION

Ninety-two percent of highly engaged organizations leverage mangers and frontline supervisors to not only share engagement data with their staff, but also "own" the results and personally drive forums, which create a venue to share engagement data. Such methods can spur frontline managers to own the results and personally drive for improvement, as engagement scores are translated to the local context for these forums, and the forums create a venue for dialogue and collaborative action planning.

At DDI, leaders work with their teams to craft plans and actions and to collaboratively improve the identified areas of engagement. The company creates accountability by having managers record their action plans and share them with their entire teams. DDI encourages these action plans to be a regular agenda item at staff meetings and also solicits feedback from employees on the progress.

STRONG SUPPORT, GUIDANCE, AND COACHING ARE PROVIDED FOR LEADERS AND MANAGERS TO HELP THEM CREATE A CULTURE OF ENGAGEMENT

The majority of highly engaged organizations (82 percent) indicate that they integrate their employee engagement programs with leadership development to a "great extent," recognizing that driving engagement is an ability that can be developed and aligned with organizational priorities.

At USPTO, management and leadership development programs help leaders create a culture of engagement. For example, building engagement is part of a required intensive supervisory training for new supervisors. Topics such as coaching, mentoring, and engaging virtual workers are included in the curriculum for the biannual leadership forum attended by managers and leaders.

EMPLOYEES ARE EXPECTED TO BRING THEIR FULL SELVES TO WORK

Leaders in highly engaged organizations share the belief that employees are more likely to contribute and be engaged when they are able to be open about all aspects of themselves. To support this, highly engaged organizations frequently integrate their engagement practices with diversity and inclusion (82 percent).

"A lot of people act different on the weekends versus the office. It's like they leave a big part of themselves at home. We encourage our employees to be themselves. We want them to be the same person at home and the office."

Tony Hsieh CEO, Zappos.com

Source: Mig Pascual, "Zappos: 5 Out-of-the-Box Ideas for Keeping Employees Engaged," On Careers blog, US News and World Report, October 30, 2012 (http://money.usnews.com/money/blogs/ outside-voices-careers/2012/10/30/zappos-5-out-of-the-boxideas-for-keeping-employees-engaged).

Deloitte has invested in initiatives that help professionals stop "covering" in order to be able to better bring their "whole selves" to work every day. These initiatives encourage professionals to feel comfortable being themselves in the workplace and stress the organization's inclusive culture. Numerous Business Resource Groups are established to provide an outlet for networking and mentorship among people of various affinities. Deloitte believes that this enables professionals to become more engaged as members of the organization and ultimately deliver a stronger client experience as a result.

8. Demonstration of the Business Impact of Engagement

ORGANIZATION HAS A TRACK RECORD OF IMPROVING PERFORMANCE AND DRIVING BUSINESS RESULTS BASED ON ENGAGEMENT DATA AND EMPLOYEE FEEDBACK

Highly engaged organizations do not measure employee engagement simply to be informed. They use data to make measured changes that not only improve engagement scores, but also positively impact business performance. To help gauge how effective performance improvement efforts have been, highly engaged organizations commonly track their engagement scores on a year-over-year basis.

All 12 of the highly engaged organizations agree that their engagement program has had a positive impact on business outcomes, and many measure the impact of engagement on specific performance indicators.

- Eight out of 12 measure it against turnover and retention.
- Seven measure it against diversity and inclusion, business unit performance, and brand and reputation.
- Half (six) measure it against well-being, individual level performance, customer satisfaction, and organizational performance.

The impact of employee engagement is generally not measured against absenteeism in the studied organizations.

At Whole Foods Market, the employee experience at work is tracked through an annual morale survey. Through the survey results and robust analytics tools, the organization is able to identify the drivers of morale at the store level versus the team level, and the company has used the data to identify specific aspects of high morale that correlate to high performance. Internal survey results have demonstrated a strong connection to performance outcomes, including higher productivity and sales metrics. This data then can be used to develop engagement interventions specifically based on how the store or team culture actually contributes to business performance.

The US Patent and Trademark Office (USPTO) is the federal leader in the adoption of teleworking programs and practices. These programs are a critical component of the agency's efforts to enhance employee engagement. The telework programs have produced real business results and are succeeding as a business strategy, and they have contributed to improvements in a number of key metrics. Several USPTO teleworking programs allow employees to work from home at least four days each week and reserve space in the office ("hoteling"), when necessary; program goals included reducing space and improving employee retention and job satisfaction. By the end of the 2013 fiscal year, more than 4,600 employees from across the agency were participating in these hoteling programs four to five days per week. Key program results include:

- Hoteling patent examiners review 3.5 more patent applications per year than their non-hoteling counterparts, which significantly impacts fee collections and backlog reduction.
- USPTO avoids in excess of \$30 million in real-estate costs annually.
- The agency is able to continue working and producing for its stakeholders in the face of inclement weather and other events that can cause campus closures.
- A significant environmental impact has been a reduction of 51 million commuter miles, which results in 6 million gallons of gas saved and more than 27,000 tons of emissions that do not get released into the atmosphere.

Elements of Engagement: The Attributes Associated with Increasing Levels of Employee Engagement

| Element | Below Average | Average | Engaged | Highly Engaged |
|------------------------------|--|---|---|---|
| Strategy | Business case for employee engagement is not understood Minimal investment of time, money, and resources in engage- ment activities Engagement is not integrated with any business functions | General business case for employee engage- ment is understood Average investment of time, money, and resources in engagement activities (comparable to industry average) Engagement is integrated with some human capital functions | Specific business case for employee engagement has been determined and is understood by senior leaders Above-average investment of time, money, and resources in engagement activities (above industry average) Engagement is inte- grated with all busi- ness functions Engagement strategy is explicitly linked to business strategy | A specific business case for employee engagement has been determined and is embraced by senior leaders, managers, and employees Industry-leading invest- ment of time, money, and resources in engagement activities Engagement is integrated with all business func- tions and helps shape business strategy |
| Organizational Philosophy | Mission, vision, and values are not widely understood or championed Focus on profit or other organization outcomes over people | Mission, vision, and values are understood and supported Engagement is a core part of mission, vision, and values Widespread basic assumption that at- tracting and engaging human capital is criti- cal to organization's success | Mission, vision, and values are understood and widely championed Engagement is a core part of mission, vision, and values Widespread basic assumption that empowering human capital is critical to the organization's success | Mission, vision, and values take precedence Engagement is seen as the means to accomplish the mission Widespread, basic assumption that the organization exists to benefit employees, customers, stakeholders, and communities |

continued on next page

| Element | Below Average | Average | Engaged | Highly Engaged |
|--------------------------|---|--|---|--|
| Programs and Policies | Limited programs and practices that are focused on promoting employee engagement on an ad-hoc basis There are few, if any, efforts to recognize behaviors or accomplishments | Basic employee engagement programs (manager training and new hire onboarding) designed to make employees and leaders aware of importance of engagement The organization has begun to recognize employee behaviors or accomplishments | Integrated employee engagement programs and practices based on unique organizational business strategy, mission, and engagement findings The organization has programs and practices to regularly recognize employee behaviors or accom- plishments in both formal and informal ways | Robust, integrated series of human capital pro- grams and practices that are designed to promote engagement throughout the employee lifecycle The organization, lead- ers, managers, and employees consistently recognize and reward valued cultural behaviors, as well as the accom- plishment of individuals, teams, and the organiza- tion itself, in both formal and informal ways |
| Communication | Communications are inconsistent and unaligned Symbols, stories, and artifacts reveal a history of disengaging behaviors | Consistent and aligned communication strate-gies are deployed on an as-needed basis Communication flows effectively from the top down; communication becomes more consistent and transparent Symbols, stories, and artifacts help articulate the organization's engagement culture | Consistent and aligned communication strate-gies are deployed regularly Communication flows effectively through all levels (up, down, and across); communication is consistent and transparent Symbols, stories, and artifacts help articulate the organization's engagement culture | Robust, consistent, aligned communication strategies are deployed on a regular basis Leaders and managers are engaged in regular two-way dialogue with employees through town halls and skip-level meet- ings Communication flows effectively from all levels (up, down, and across) and is consistent and transparent Symbols, stories, and artifacts help empha- size the organization's engagement culture |
| Space and Structure | Physical space is not well designed Organizational structure is bureaucratic and mechanistic Reporting lines are unclear | Physical space is designed with business performance in mind Organizational structure promotes efficiency Reporting lines are clear and well understood | Physical space is designed with employee engagement and performance in mind Organizational structure promotes high levels of teamwork and coordination Reporting lines are clear and well understood | Physical space is designed with employee engagement and performance in mind Organizational structure promotes highly effective levels of teamwork and coordination Virtual networks and infrastructure have been established to build community for virtual workers |

continued on next page

| Element | Below Average | Average | Engaged | Highly Engaged |
|--|---|--|--|---|
| Assessment | Little to no assessment | Organization has a process for measur- ing, analyzing, and actioning employee engagement data, but data are not integrated and don't provide an understanding of employee experience across the employee lifecycle | Organization has a process for measuring, analyzing, and actioning employee engagement data Data are collected across multiple points in the employee lifecycle: onboarding, engagement, exit Leadership development assessments (e.g., 360-degree feedback) are used to understand effective leadership and management practices | Organization has a robust, regular, and integrated process for measuring, analyzing, and actioning employee engagement data across the employee lifecycle A workforce analytics practice has been established to develop a deep understanding of the employee experience at work |
| Leaders, Managers, and Employees | Leaders and managers have no clearly defined roles and responsi- bilities for creating a culture of engagement No support, guid- ance, or coaching is provided for leaders and managers to help them create a culture of engagement Employees are ex- pected to do what they are told | Leaders and managers have clearly defined roles and responsi- bilities for creating a culture of engagement Limited support, guid- ance, and coaching is provided for leaders and managers to help them create a culture of engagement Employees are ex- pected to work hard and perform | Leaders and managers have clearly defined roles and responsi- bilities for creating a culture of engagement Ample support, guid- ance, and coaching is provided for leaders and managers to help them create a culture of engagement Employees are ex- pected to work hard and perform | Leaders and managers are accountable for embracing and driving engagement efforts Organization focuses on supporting leaders and managers to have effec- tive dialogues that lead to understanding and action Strong support, guid- ance, and coaching are provided for leaders and managers to help them create a culture of engagement Employees are expected to bring their full selves to work |
| Impact of Engagement | Relationship between engagement and criti- cal business outcomes is not understood Track record of ignoring engagement data and employee feedback | Relationship between engagement and criti- cal business outcomes is assumed Inconsistent track record of learning and creating change based on engagement data and employee feedback | Relationship between engagement and criti- cal business outcomes is explored on a regu- lar basis Organization has a track record of learning and creat- ing change based on engagement data and employee feedback | Organization has a track record of improving performance and driving business results based on engagement data and employee feedback |

Source: The Engagement Institute™, 2014

The Genome of Highly Engaging Cultures

So what is in the DNA of organizations with high levels of engagement? Just as no two DNA strands are exactly the same, no two approaches to creating and sustaining high levels of employee engagement are exactly the same. And, yet, there are similarities in their approaches, programs, and initiatives. Below are the 23 attributes commonly found to be part of the DNA of the "highly engaging" cultures profiled in this report.

HIGHLY ENGAGED ORGANIZATIONS HAVE CULTURES THAT ARE...

- Strategically aligned A specific business case for employee engagement is clearly articulated and embraced by senior leaders, managers, and employees.
- 2 **Strongly resourced** Engagement-related activities are given the necessary time, money, and resources to deliver impact; levels are either above average or approach industry-leading levels.
- 3 **Integrated** Engagement is not only linked to business strategy, but is highly integrated with business functions and, thus, begins to shape business strategy.
- 4 **Strongly connected to mission, vision, and values** Not simply understood or championed, engagement enables the living embodiment of the mission, and employees serve as ambassadors.
- 5 A key input to the decision-making process When engagement is seen as the means to the mission, it is a key ingredient to decision making and strategic intent, and it is ultimately one of the key assessments of impact for the organization.
- 6 A platform for shared success There is a widespread basic assumption that the organization exists to benefit employees, customers, stakeholders, and communities.

- 7 Supported by people processes A robust and integrated series of human capital programs and practices promote engagement throughout the employee lifecycle.
- 8 **Team focused** Whether the team's input is simply sought and valued, their successes trumpeted, or their direct decisions about new hires, terminations, and working conditions is required, the influence of teams is strong.
- 9 Supported by active leaders and managers Leaders at all levels are regularly involved in two-way dialogue with employees through a variety of channels, including town-hall meetings, skip-level meetings, team "huddles," and informal exchanges that lead to understanding and action. CEO and senior leadership involvement is a major component.
- 10 Informed and connected Communication flows through all levels (up, down, and across); it is consistent and transparent. It is both formal and informal, with an emphasis on continual informal channels. Rather than periodic pronouncements, robust, consistent, and aligned communications are deployed regularly through appropriate channels. In many cases, that flow extends outside the organization to include important stakeholders.
- 11 **Visible** Symbols, stories, and artifacts tangibly capture, emphasize, and reinforce the organization's engagement culture. Onboarding programs impart culture and articulate standards.
- 12 **Supported by physical space choices** Employee workspace is designed with engagement and performance in mind.
- 13 Supported by organizational design choices Organizational structure is a deliberate reflection of the organization's purpose and conducive to highly effective levels of teamwork and coordination.

- 14 **Supported by technology** Virtual networks and infrastructure have been established to build community for offsite workers.
- 15 Agile When highly engaged cultures operate as one, reporting lines are clear, well understood, and dynamic; their strategic advantage is that they are capable of changing with the needs of the organization or customer.
- 16 Analytical The organization has a robust, regular, and integrated process for measuring, analyzing, and acting on engagement data across the employee lifecycle.
- 17 **Built together** Leaders and managers embrace and drive engagement efforts; with employees, they work to build and sustain a culture of engagement.
- 18 A fun place to work While this may look vastly different from one organization to another, there is a pervasive sense of enjoying the work, each other's company, and the workplace.
- 19 Inclusive Employees are expected to bring their full selves to work and are valued not only for their contribution, but also for who they are. Diversity and inclusion play a large role in engagement efforts.

- 20 Accountable The relationship between engagement and a wide range of critical business outcomes (e.g., business goals, service levels, innovation) is explored regularly, and appropriate actions are planned and executed. These organizations have a track record of taking action on engagement data and employee feedback.
- 21 **Celebrated** The organization, leaders, managers, and employees consistently recognize and reward the demonstration of valued cultural behaviors, as well as the accomplishment of individuals, teams, and the organization itself, both formally and informally.
- 22 **Constantly looking to improve** While organizations have achieved much in this area, they are very aware of the many challenges that lie ahead and are actively working to address them.
- 23 Humble Executives at these organizations consistently talked about the many people, teams, and stakeholders who are part of the success story. Many cited the organization, as a whole, as a key factor in the success. They are also quick to point out where they are working to improve, given that the journey never ends.

ORGANIZATION PROFILE

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

Alcoa's CEO, Klaus Kleinfeld, believes that talent is the only sustainable competitive advantage that an organization has, and improving upon employee engagement has been a top priority since he began his tenure in 2008.

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

Alcoa's culture places a premium on the pursuit of excellence and continuous improvement, and shares a desire to push forward rather than plateau. Long known for its culture of safety, Alcoa turned its attention to creating a culture of engagement. "Because we've been able to achieve a culture of safety where many of the same tools are used, I know that we're not starting from scratch with engagement," says Gena Lovett, chief diversity officer. "With all the tools we have available, there's a lot of opportunity to get to where we ultimately [want to be]." Already, the company has seen engagement rise 24 percentage points in the last six years.

Alcoa's employee engagement survey, called the Global Voices Survey (GVS), became a cornerstone of its engagement practices, and thoughtful analysis of the results led the company toward a more engaging culture. Alcoa understands that valuing employees is a crucial element of company culture, and it maintains a strong focus on recognition of, respect for, and commitment to all employees. Overall, the company has replaced a narrowly focused engagement program with more meaningful metrics, more organic communications, and a more deliberate attitude toward talent.

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Alcoa's employee engagement *survey results* drive talent decisions. Engagement and survey scores are used, among other things, to identify whether there is a training need, the need for other support (e.g., additional resources), or a performance gap. Noteworthy positive or negative survey results may be incorporated into a leader's performance review, and leaders are accountable for the survey results of their direct reports, departments, or functions, especially for changes in those results. Alcoa's leadership works diligently to act on feedback and communicate those actions to employees so they understand the importance of giving feedback to the organization.

Diversity and inclusion is another important factor in Alcoa's engagement programs. Alcoa operates on the principle that, to be engaged, employees must feel included in a workforce that is representative of the customers and communities the company serves. The company integrates diversity and inclusion into operational processes, executive rewards, and through visible role models. The goal is

CEO Klaus Kleinfeld

Employee Engagement Executive Gena Lovett, Chief Diversity Officer

Headquarters New York, NY

Founded 1888

Industry Sector Manufacturing Number of Employees (FY13) 60,000

Revenue (FY13) \$23 billion

Recognition Achievers 50 Most Engaged Workplaces (2012, 2011)



to create an environment where employees feel valued and included. The CEO holds regular webinars to communicate this important message.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

"Road to engagement" webinars are created from the best action plans and facilitate quick and nimble sharing of best practices across plant locations and business units. Being able to benchmark internally with plants that are doing well and sharing their successful practices has spurred rapid implementation of best-in-class plans. The CEO holds town-hall meetings in which he features engagement survey results and communicates focused and intentional engagement priorities.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL DESIGN THAT PROMOTES COLLABORATION AND INCLUSION

Alcoa has more than 200 locations and is a culturally diverse organization. Engagement is addressed by identifying company-wide focus areas that are championed and communicated by the CEO. However, engagement-building is predominantly conducted at the local level to ensure that location-specific issues are addressed. At some locations, engagement building efforts go right down to the department/work team level within a location.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Consistent with its belief that you "measure what you treasure," Alcoa uses its annual Global Voices Survey (GVS) to locate gaps, track trends, benchmark, create plans, and execute those plans. Participation in the 50-question survey is voluntary, anonymous, and global. The GVS covers 10 dimensions, which extend beyond engagement (e.g., to supervisory effectiveness, trust in leadership, environmental health, and safety). The company looks at a variety of demographics, both at the company and plant level, to get an understanding of what areas need attention. Rather than rely on an external supplier, the company has moved a lot of the more innovative analytics inside to better zero in on areas needing attention. This allows the GVS team to keep things simple and help the company "major on the majors" when it comes to taking action. The survey gets granular data, such as drivers of engagement at specific locations and groups of employees.

The company uses "survey champions" to increase survey participation, to catalyze action planning and follow through, and communicate survey information to managers within their businesses to drive engagement activities on a regular basis. At every one of Alcoa's hundreds of locations, GVS results are turned into location-specific action plans to improve engagement.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leaders set engagement goals, which flow from the top down. Group presidents are responsible for creating a general understanding of how their respective businesses performed. Business leaders across the organization submit action plans for their respective groups. In addition, business leaders must account for the state of the organization's talent during quarterly business reviews. They are expected to report where they are in respect to diversity, talent management, succession planning, and engagement.

Managers from various locations and business groups participate in annual engagement summits, hosted by the HR vice presidents at the business group level. Managers share best practices and establish connections and relationships to continue to learn from each other.

In addition to providing honest feedback through the GVS, **employees** at all levels and functions are involved in cross-functional focus groups. Getting a mix of employees together lets them share and learn what needs to be improved in real time.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Alcoa has conducted linkage studies to determine the relationships between employee engagement, financial performance, and customer engagement. These relationships may not be simple cause and effect, but leadership believes that each reinforces the others and strives to draw connections through further data analysis. Alcoa has also looked at the relationship between engagement and follow-through actions on previous engagement surveys. The company has found that those who report they have seen action after the previous survey are more likely to be engaged: the walk must match the talk.

Taking a close look at past engagement survey data, an internal team at Alcoa has been able to link specific survey questions to engagement levels. This analysis has consistently shown that the most important three drivers of employee engagement at Alcoa are:

- 1 employees believe the organization has an outstanding future,
- 2 employees feel valued, and
- 3 employees see a clear link between the work they do and Alcoa's business objectives.

The data has shown that, for example, employees who believe that Alcoa has an outstanding future are more than twice as likely to be engaged as employees who do not agree with that statement.¹³

RECENT EVOLUTIONS AND FUTURE PLANS

Alcoa is currently working to find innovative ways to make engagement a year-round enterprise. "The actual survey is just a tool to assess how you've done," notes Lovett. "Engagement is [due to] the actions that you live and implement and that [become] part of your DNA yearround." Alcoa's goal is that all employees feel the natural influence of engagement. To that end, the company is asking supervisors to think about engagement and recognize how everyday actions and issues affect it. Alcoa plans

13 Jill Jusko, "Workforce: Alcoa's Data-Driven Approach to Employee Engagement," IndustryWeek, December 17, 2012 (www. industryweek.com/workforce/workforce-alcoas-data-drivenapproach-employee-engagement). to give supervisors tools and support that always connect back to the work that they're doing.

Alcoa also routinely evaluates its survey strategy to ensure that it reflects current conditions.

AWARDS AND RECOGNITION

Alcoa was selected for the Achievers 50 Most Engaged Workplaces Award in 2012 and 2011. It also received the 2013 Catalyst Award for honoring recruitment, development, and advancement of women in the workplace in 2013. In 2014, Alcoa ranked among the 100 Best Corporate Citizens by *Corporate Responsibility Magazine*, received the Corporate Equality Award for its human rights campaign and was selected as the most admired metals company in the world by FORTUNE. CEO Klaus Kleinfeld received the CEO of the Year distinction from Platts Global Metal Awards. To learn more, visit (www.alcoa.com/sustainability/en/info_page/vision_awards_2014.asp).

To learn more about Alcoa and its employee engagement, visit:

- www.alcoa.com/global/en/home.asp
- www.industryweek.com/workforce/workforce-alcoasdata-driven-approach-employee-engagement
- www.businesswire.com/news/ home/20120910006684/en/Alcoa-Recognized-50-Engaged-Workplaces%E2%84%A2-United-States#. VCxrlfldV1Y
- www.shrm.org/hrdisciplines/diversity/articles/pages/ alcoa-includes-women.aspx
- www.youtube.com/watch?v=Spw7NJ-I5Hk

ORGANIZATION PROFILE **DELOITTE**

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

As one of the nation's largest professional services organizations, Deloitte's product is its people. Leadership recognizes that Deloitte's value is delivered through its professionals, and their engagement is viewed as an important element of Deloitte's business strategy. Deloitte knows that engaged professionals translate to satisfied clients, and its success in achieving this goal has earned it the sixty-first spot in the 2014 FORTUNE "Best Companies to Work For" ranking.

Deloitte believes engagement is an outcome, not a targeted program. Therefore, its talent and business strategies are directly aligned. Jen Steinmann, deputy CEO and chief talent officer for Deloitte LLP, notes, "At Deloitte, people are our most important asset and are the true engine to our sustained growth. As a result, our network is dependent upon skilled and engaged professionals that leverage their strengths to consistently deliver superior client service. To encourage this, our talent strategy is anchored in fostering an environment where leaders thrive."

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

Deloitte relies on its ability to attract, develop, and deploy high-performing talent. Core to this is the organization's value proposition, which contains three primary dimensions:

- 1 Ensuring people are engaged in challenging, meaningful work
- 2 Providing opportunities for continuous growth and development
- 3 Driving engagement and strengthening connections to enhance the talent experience

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Deloitte's success depends on the quality of the people it attracts, and their day-to-day engagement. Deloitte believes engagement is an outcome, not a targeted program, and its talent strategy aims to create an environment "where leaders thrive." An important element of that strategy is giving its people the opportunity to engage and connect with leadership at all levels of the organization, as

CEO Frank Friedman, Deloitte LLP

Employee Engagement Executive Jennifer Steinmann, Chief Talent Officer, Deloitte LLP

Headquarters New York, NY

Founded 1845

Industry Sector Professional Services Number of Employees (FY14)

45,286

Revenue (FY13) \$13 billion

Recognition FORTUNE: 100 Best Companies to Work For (2014, 2013, 2012)

Note: As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Deloitte.

well as with peers. While a lot of this connecting happens organically "on-the-job," Deloitte also has several programs geared specifically toward engagement. Some of those programs include:

A *project-based development* program that integrates development into daily work so that professionals can deliver superior performance and create outstanding value for their clients while furthering their own development. Teams have access to online toolkits, which provide suggestions for small tweaks they can make to daily work practices to drive more coaching, mentoring, apprenticeship and stretch assignments within the client project environment.

Every person who joins Deloitte participates in *Welcome to Deloitte* (W2D), the signature experience for new hires where people's growth, development, and engagement starts. Deloitte designed W2D as a yearlong program, divided into four distinct periods, covering the first year of employment. W2D classes are intentionally kept small, and are tailored based upon experience, because an experienced hire doesn't require the same level of orientation as someone coming straight from college.

Deloitte also has specific programs for special purposes like milestone schools for people receiving promotions. Deloitte's version of milestone schools are called *Transition Acceleration Programs* (TAPs) because they do just that they help its professionals accelerate their transitions into new roles with increasing leadership responsibility.

The Share Your Story campaign encourages professionals to post short videos on the organization's intranet that tie personal stories to work. One recent video featured two gay professionals discussing the impact of working for an organization where they do not have to hide who they are. Others at Deloitte can view the videos and connect with the people featured—providing opportunities for the Deloitte community to support each other.

Deloitte also believes in giving its people *flexibility* so that they can bring their authentic selves to work. Providing flexibility often means teams work smarter, which translates into improved client service. Deloitte's audit business, Deloitte & Touche LLP, allows interested associates to take extended periods of time off during "non-peak" seasons, such as during the summer, and still maintain their employment status and benefits. Deloitte adjusts their compensation to address how much or how little they work. Likewise, the CEO of Deloitte Consulting LLP has challenged senior leaders to offer flexibility whenever possible, such as not needing to be on the client site every week or working a condensed week.

Similarly, at the start of many client engagements, team members, including the team leader, are asked to identify *one small thing* that would have a big impact on their worklife fit balance. These could include a night off during busy season, an earlier start time to pick up kids from school, reduced travel, virtual work, attending a morning yoga class, or coaching soccer on certain afternoons. Then the team jointly plans how members will support each other to build flexibility that will enable each person's small thing. The plan can be adjusted throughout the client engagement, as needed.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Deloitte has a cross-functional chief talent officer who oversees the chief talent officers (CTOs) for each of the five businesses. These business CTOs are not HR or talent professionals, but business leaders dedicated to guiding their talent initiatives while also serving clients. They report to the CEO and are on the executive leadership team. Each business also has a lead talent director. This role is held by an HR professional that works very closely with the functional CTO and dedicates all of his or her time to HR and talent-related matters.

The CTOs hold monthly forums to share leading practices, updates, and innovative talent projects.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

The physical space that best represents Deloitte's culture of engagement is Deloitte University—The Leadership Center (DU), a 107-acre campus on a ranch outside Dallas. Built in 2012 to provide a common space for its dispersed workforce to connect and learn from each other, DU is central to building engagement within the organization. From onboarding and career transitions to client engagement and thought leadership sessions, DU is both a location for development programs and a centralized place to convene and engage Deloitte professionals. DU is a physical expression of the organization's engagement style. It is light, spacious, and filled with spaces designed to engage and connect. It contains leading-edge classrooms, informal meeting areas, sleeping rooms, and lounges on each floor named after regional offices that contain snacks from the namesake city, TVs, couches, tables, and printers. The facility also emphasizes health and well-being, offering healthy food choices, a stateof-the-art fitness center, running/walking trails, and playing fields.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Deloitte's annual talent survey is administered by an external party and consists of 45 questions. Deloitte considers the open-ended question: "What is the one thing our organization can do better to strengthen its relationship with you?" to be the survey's most important question. Results from the survey are distributed widely among leaders and are discussed at project team meetings, business unit meetings, and all-hands meetings. Results are also accessible to all professionals via the intranet.

The annual talent survey produces an "Engagement Index" score that is closely monitored by the CEO and business leaders. The scores are used by leaders to gauge progress, prioritize initiatives, and facilitate performance management programs. Deloitte chooses not to mandate action planning, but rather takes the approach of providing data, and setting an expectation that engagement scores need to remain healthy, and lower-scoring areas need to be addressed.

Deloitte is also starting to drive quarterly eight-question, anonymous pulse surveys on engagement teams. These allow team leaders to find out how team members feel about the work they are doing, support they are receiving from the organization, and whether expectations are clear.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Partners, principals, and directors all have annual goals around people and performance. Engagement Index scores are taken into account in promotion decisions for senior leaders, so the accountability is clear. Chief talent officers regularly share progress on engagement-related initiatives with the CEO and facilitate conversations on how to enhance the employment experience. They also share engagement survey results with their respective leadership teams.

Managers receive results from the annual engagement survey and quarterly pulse surveys and are expected to share results with their professionals. Deloitte has also taken steps to ensure that engagement practices are integrated into the way client teams operate while at client sites. Senior managers who lead client engagements can request funding for team outings so professionals can build relationships and connections regardless of which client site and city they are in. Engagement leaders are trained to sit down with individual team members at the beginning of every project to have a one-on-one discussion about their current work and personal situation. This helps manage individual, as well as team, needs.

Professionals at Deloitte are expected to own their career path and development. They meet with managers to discuss career development, and managers then connect them with people who can both assist in development and hold the professionals accountable for taking action.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Deloitte fosters an environment that focuses on its people's unique strengths—those signature skills where each individual has the potential to become world-class. This philosophy of "strengths-based leadership" drives many of the decisions Deloitte makes within learning and development, and it is also used as a tool for assessing engagement.

As part of this effort, Deloitte asked each of its businesses' CEOs to name the top-10 performing teams within their business. Each of those teams was then interviewed and surveyed, and the results were compared to a control group. Through this effort, Deloitte discovered that the top-performing teams consistently played to their strengths more than other teams; were better performers overall; and were more engaged. Furthermore, the survey showed that 91 percent of Deloitte alumni feel strongly about staying connected with the organization, which could be due, in part, to the success of Deloitte's engagement initiatives.

RECENT EVOLUTIONS AND FUTURE PLANS

Innovation is an important aspect of Deloitte's approach to engagement and is built into its center of excellence, where a team focuses on talent innovation. This group has developed many of the programs and assessments described above. It is currently piloting a new performance management design to improve how Deloitte evaluates, motivates, and develops its people. The new system will include more frequent conversations at the team level.

Deloitte also continuously adapts its talent practices so that it can be as attractive as possible to millennials, who make up 55 percent of its client-facing workforce and who will likely make up an even larger portion in the future.

AWARDS & RECOGNITION

For the fourteenth time since 1998, Deloitte was named to FORTUNE's list of the "100 Best Companies to Work For," ranked 61 in 2014. Deloitte was named in *Consulting Magazine*'s "The Best Firms to Work for 2014." Deloitte also marks its twenty-first consecutive year on Working Mother's "100 Best Companies" list in 2014. Deloitte is part of *Working Mother Magazine*'s "Hall of Fame," a list of companies that have been on the Working Mother 100 Best list for at least 16 years. Finally, Deloitte has been recognized with the American Society for Training & Development BEST Award for "Building talent, enterprisewide, supported by the organization's leaders, fostering a through-and-through learning culture." To learn more, visit (http://mycareer.deloitte.com/us/en/life-at-deloitte/ leadership/awards).

To learn more about Deloitte or its employee engagement efforts, visit:

- www.deloitte.com/view/en_US/us/About/index.htm
- www.forbes.com/sites/ruthblatt/2014/03/27/ how-deloitte-engages-their-creative-employeesthrough-rock-n-roll/
- http://chiefexecutive.net/ what-really-drives-employee-engagement

ORGANIZATION PROFILE DEVELOPMENT DIMENSIONS INTERNATIONAL (DDI)

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

The bedrock of employee engagement at DDI is the organization's cultural strategy. This strategy consists of six values—Integrity, Driving for Client Results, Engagement, Teamwork, Innovation, and Quality of Life—each with associated definitions and key actions expected of employees. As an explicit component of this strategy, engagement is further elaborated at DDI as the "responsibility for taking appropriate action and making decisions that reflect our clients and DDI's best interests." It is defined in terms of ownership and commitment-not just to stakeholders, but to the job-and the value an employee adds to the organization. DDI's emphasis on employee engagement is apparent in its ranking as one of the best medium-size workplaces in the United States by the Great Place to Work Institute in 2014. This is the fourth time the organization has received this honor.

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

According to Bob Rogers, DDI's president:

My approach to organizational performance takes a nonacademic, practical view. I believe all employees need to be engaged and have ownership of their jobs through clear accountability, meaningful work, coaching, feedback, and positive reinforcement. Also, leaders must manage the "whats" and the "hows," build trust, create a bias for action, and ultimately believe in their people.

These eight key actions illustrate how each DDI associate can demonstrate high engagement:

- 1 Work together to establish clear goals, expectations and accountabilities
- 2 Provide feedback, coaching, and recognition to each other every day
- 3 Have access to the information and resources needed to be efficient
- 4 Ensure that decision making occurs at the lowest possible level
- 5 Encourage risk taking within delineated lines of freedom
- 6 Treat mistakes as learning opportunities
- 7 Use data to measure our own work progress
- 8 Believe that what we do makes a difference, which ignites our desire to improve ourselves, our workplace, our communities, and DDI

CEO William C. Byham, PhD

Employee Engagement Executive Bob Rogers, President

Headquarters Bridgeville, PA

Founded 1970

Industry Sector Professional Services Number of Employees (FY13) 1,100

Revenue (FY13) \$162 million

Recognition FORTUNE: 50 Best Small & Medium Workplaces (2011)



FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Engagement as a business driver is woven into the DDI employee experience before day one. *Candidate selection* includes a determination of cultural fit, with a critical assessment of not just "what" a candidate has historically delivered, but also "how" he or she delivered those results. For someone to fit with the culture at DDI, he or she must embody the six company values. For example, for the Teamwork value, a candidate must be able to articulate how he or she has been successful working within a group.

During *new hire orientation*, employees are given a Vision and Values booklet to help them acclimate to the DDI culture. The DDI president spends several hours explaining the organization's strategy and values, why they are important, and what they mean on a personal level. Through scenario-based learning, new hires are placed in teams and given real company situations in which they must identify the value(s) they should exhibit.

Immediately following orientation, employees create a *development plan* for their first six weeks at DDI. After the initial six weeks, managers work with employees to create a performance/development plan for the next year. Such plans are aligned with at least one of the company's strategic priorities so employees can see and connect how their work directly contributes to organizational outcomes. Employees meet with their managers at least twice a year to review their plans and track progress.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

In addition to communications around engagement initiatives, DDI has an open communication system around all aspects of the business, including monthly communications and bi-annual Town Talks for all employees worldwide. Senior leaders share the company's financial performance monthly and communicate business strategy to employees. There is an open-door policy in place at DDI that encourages employees to communicate with their managers and senior leaders. Leadership challenges new employees to come up with better ways of doing things, iterating that there is no "DDI way" and suggesting all processes can be changed and improved.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

DDI's Center for Advanced Learning and Assessment Technology is open and inviting, with informal seating areas, nooks for conversations and small group work, and open collaborative spaces. It also serves as a training, meeting, and assessment center area, where clients are involved in a variety of activities. In this space, client success stories are highlighted, as is the history of DDI and a collection of items from its offices around the world. This space is also home to DDI's corporate library, which is open for employees and visitors daily and houses the organization's extensive research, DDI-authored books, and various other resources.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Leaders at DDI believe in the philosophy, "You can't manage what you don't measure." In keeping with this philosophy, every 18 to 24 months, they formally measure how well employees are living the values through an internally developed cultural assessment survey. It consists of eight items for each value—four to measure behavior of the work group and four to measure behavior of the work group leader. It also measures satisfaction with DDI systems and processes, as well as employee engagement and loyalty. Results are analyzed and reported for DDI overall, large subgroups, and individual teams. Goals are established for improvement for the next survey and plans developed to achieve those goals.

A comprehensive report of the results is prepared for senior management and presented/discussed at a seniorleader meeting. The report includes trends and statistically significant differences, areas for action, and selected employee comments (positive and areas for improvement) to illustrate themes. Organizational actions to be taken are determined and then communicated to leaders and employees in a variety of communication vehicles, including DDI's bi-annual Town Talks.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leaders are held accountable for strategic priorities through their own performance/development plans. These plans are cascaded down throughout the organization so that every employee understands how his or her role links directly to the priorities of the organization, as leadership feels that employees are more engaged when they understand this. Senior leaders also review action plans with managers and check in regularly on progress toward goals. They coach managers informally and ensure that leaders on all levels are aligned with the organization's strategy to keep employees engaged. Senior leaders are also responsible for implementing improvements based on employee feedback, communicated through engagement surveys. Employee input has resulted in the provisioning of dental insurance, flextime, and a summer hours program that reinforces the value of Quality of Life.

DDI's management team members are also held directly responsible for the performance plans of their teams. Each year, the company audits the performance plans of 150 employees to ensure that they are working on wellstated SMART (Specific, Measurable, Attainable, Relevant, and Time-Bound) objectives, that their behavioral expectations are aligned with core DDI values, and that they have suitable SMART goals identified. As part of this audit, operating committee members are ranked based on their team's results. This competitive process motivates senior leaders to maintain active oversight of their team's engagement activities.

All **leaders** are trained on engagement topics during their leadership development programs each year. They are encouraged to build their leadership skills in ways to promote engagement—for example, asking more questions and listening to and understanding their employees' ideas and opinions.

Both **leaders** and **employees** are held accountable for demonstrating DDI values—of which engagement plays an integral role. They consistently recognize and reward demonstration of valued cultural behaviors, as well as accomplishments in both formal and informal ways. Informally, a colleague may send another colleague a verbal or written "thank you" in the form of a STAR (Situation/Task, Action and Result), explaining how that person demonstrated behaviors that enabled a successful client or internal partner interaction. Formally, DDI rewards employees via the organization's Rewards & Recognition program and by promoting employees who have demonstrated expected cultural behaviors.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Success of engagement initiatives is measured through improvements in engagement survey results, both over time and compared to external benchmarks, and improved ratings are linked to business metrics. For example, engagement is seen as a core driver of retention. According to DDI president Bob Rogers, "We try to make the culture a huge benefit for why people stay." The organization has consistently had low turnover rates (less than 10 percent), which it attributes to the culture it has created and sustained.

RECENT EVOLUTIONS AND FUTURE PLANS

Following the fiscal crisis in 2008, DDI initiated an analysis of how to retain top talent. This evaluation became part of a development course focused on retention and required of frontline supervisors. The analysis identified 20 factors relating to core job and culture, potential drivers for staying with DDI, and measures of engagement for both employees and their direct leaders.

AWARDS AND RECOGNITION

In 2014, DDI was named by FORTUNE as one of the best medium-size workplaces in the United States on its annual 2014 Best Small & Medium Workplaces List for the fourth time and placed among Pittsburgh's Top Workplaces, as listed by the *Pittsburgh Post-Gazette*. Market analyst Kennedy named DDI one of the top two providers of Leadership Development Consulting in its 2013 *Kennedy Vanguard* report. DDI also was awarded first place in the large Leadership Partners and Providers category for HR.com's 2014 Leadership Excellence Awards. To learn more, visit (www.ddiworld.com/DDIWorld/media/ brochures/referencepoints_mis_ddi.pdf?ext=.pdf).

To learn more about DDI and its employee engagement, visit:

- www.ddiworld.com/company
- "The Key to Realizing Competitive Advantage" (www.ddiworld.com/resources/library/ white-papers-monographs/employee-engagement)

ORGANIZATION PROFILE THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

Employees at NASA have always been engaged in their work, which is evidenced by its consistent top position in the "Best Places to Work in the Federal Government" ranking for large agencies. Having engaged employees is an ingrained part of the culture because many have wanted to work for the agency since childhood. They are naturally connected to the agency's vision, which states: "To reach for new heights and reveal the unknown so that what we do and learn will benefit all humankind."¹⁴

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

NASA strives to keep employees engaged by focusing on what is important to them: infusing a spirit of innovation throughout everything they do, ensuring all are equipped to acquire new skills demanded by space missions, motivating them to find new solutions, creating an environment where everyone believes they can thrive, and rewarding observable innovative behaviors. To do this, NASA focuses on three areas to drive its culture:

- 1 Connecting people to each other and to the mission
- 2 Building model supervisors
- 3 Recognizing and rewarding innovation

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Everything at NASA is connected to people programs—including activities, language used, and role modeling—and specifically tied to the three areas designed to drive cultural change.

NASA strives to *reduce the fear of failure* by rewarding learning through failed projects. Employees receive awards for "failing smart." Even if a project does not go as planned, employees will have learned something. NASA wants to recognize this learning by rewarding people who

Administrator Charles F. Bolden, Jr.

Employee Engagement Executive Jeri Buchholz, Assistant Administrator Office of Human Capital Management

Headquarters Washington, D.C.

Founded 1958

Industry Sector Federal Government

Number of Employees (FY14) 17,765

Budget (FY13) \$17.9 billion

Recognition Partnership For Public Service, "Best Places to Work in the Federal Government" (2013, 2012, 2011)



14 "About NASA," NASA website, September 2013 (www.nasa.gov/about/highlights/what_does_nasa_do.html). take smart risks and really push boundaries. NASA created the award to demonstrate the value the organization places on innovation and risk taking. In the year before the award was launched, senior leaders publicized it through videos, notes, emails, and letters, so by the time it was rolled out, employees knew the organization was serious about it.

NASA produces an extensive *annual book* that contains many stories about the agency's accomplishments. In the past, the book contained numerous photographs of machines (e.g., shuttles, computers) tied to NASA's programs. As part of a recent culture shift, the annual book was changed to also include photographs of the people who created the machines because the people and machine together tell the story that engages the workforce and public.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Jeri Buchholz, NASA's chief human capital officer (CHCO), realized that the best way to proactively create a culture was for her and her team to take ownership of workforce communications. Buchholz directly communicates with employees across the organization, and the human capital department advises others on communications, including technical communications.

NASA communicates with employees in all directions: topdown, laterally, and bottom-up. Top-down communication frequently comes by way of an associate administrator. Lateral communication includes disseminating messages through leadership development programs and the communications that the CHCO sends directly to line managers. The agency also communicates with employees through crowdsourcing and employee votes.

Self-formed employee resource groups, such as the Innovators Group and Supervisors Group, also aid in employee communications. These self-initiated, selfsustaining communities have emerged around the themes that NASA is trying to infuse across the agency and serve as indicators of engagement.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

NASA believes that to move forward, it needs to "make geography inconsequential" across its headquarters in Washington, D.C., and its 10 field centers and other installations scattered around the country. This concept is so important that the phrase is written on one of the agency's windows. One way it illustrates the importance of this concept is through its Virtual Executive Summit, in which all senior leaders gather in a virtual environment to share information about missions, budget, and Congress. This meeting also makes them more comfortable with virtual collaboration. The agency believes that when employees can break down geographic barriers, they are able to be even more innovative, which, in turn, brings them closer to the agency's vision.

A notable and very observable aspect of NASA's physical space is that it is filled with images of the official agency logo—affectionately referred to as the "meatball"—as well as other recognizable icons, such as astronauts, space flight vehicles, and memorabilia that symbolize NASA's underlying theme, "We Are The Explorers." The visuals are everywhere, and employees rally around the logo, which is ranked among the most recognizable in the world. This visual, along with images of space shuttles and astronauts, have appeared in communications ranging from internal memos to television commercials. Employees often collect items (e.g., mugs, coasters, patches, photos, scale models) that contain these visuals to adorn their workspaces.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

NASA participates in the Federal Employee Viewpoint Survey and recognizes that, while the aggregate satisfaction score is favorable, as indicated by its "Best Places to Work in the Federal Government" ranking, there is a broad range of scores at the department level. The human capital team is studying organizations with the lowest scores to understand what the drivers are and to determine how to improve engagement. This study will examine elements such as the relationship between engagement scores and trends in tenure and other department-specific metrics.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leadership at NASA contributes to the culture of engagement by bringing people together through virtual collaboration and making it possible for employees to work from anywhere. They also give employees the safety net to innovate without fear of failure. Leaders also recognize that change is most likely to happen through first-line supervisors, so leaders provided the resources for a supervisory training program to develop model supervisors (discussed below).

First-line supervisors make decisions about hiring, job assignments, training, coaching, performance elements and standards, performance feedback, and awards. They are the ones who make the day-to-day decisions that result in transformation. The agency recognizes their important role and created a new leadership development training program called "Leveraging Agency Supervisory Excellence and Resilience" (LASER), which focuses on supervision as a leadership role as opposed to traditional nuts-and-bolts operation, to help develop model supervisors. NASA chose supervisors already considered to be model supervisors to design, develop, teach, and refine the curriculum. Program modules include: "How am I perceived by others?" "Accepting responsibility and accountability for creating a working environment in which people can thrive," and "Creating connections up, across, and down the organization." Participants are expected to create informal groups in their own areas to share what they learned, infuse learnings in others, and inspire colleagues to sign up for the next cohort. The program's positive reputation among supervisors is testament to its impact.

Employees are very familiar with the three focus areas of the agency because they have been well communicated. Everyone is expected to play a role in moving the culture forward. Employees understand they are supported to continuously innovate and push boundaries without fear, collaborate virtually across geographies, and speak their minds. They can recommend new programs and form their own employee resource groups when they see a need.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

NASA created indexes based on questions from the Federal Employee Viewpoint Survey to gauge how it is doing against its three areas to drive culture.

There is evidence that employees are invested in and have adopted the three areas of focus designed to drive culture change. The virtual executive summit has changed the conversation around people and collaboration. Likewise, after employees complete the NASA FIRST (Foundations of Influence Relationship Success and Teamwork) leadership development program, they go back to their centers and start implementing changes, such as creating sustainable employee resource groups.

Two instrumental aspects of NASA's evolving engagement culture are a clear engagement strategy and a strong organizational mission that employees can rally behind.

RECENT EVOLUTIONS AND FUTURE PLANS

NASA is now championing its "work from anywhere" campaign. The organization is making it easy for employees to work from anywhere by providing tablets and other tools for remote work. Most employees will go into a NASA office at least once a week, but they frequently work elsewhere, such as in a laboratory, on an air strip, or in a research center different from their home center. If employees can choose between a cubicle and a laboratory, they will often choose the lab, so it is prudent to make it easy for them work from a more desirable location.

AWARDS AND RECOGNITION

In 2013, NASA was ranked first out of 19 large agencies in the "Best Places to Work in the Federal Government." This is the second year in a row that NASA ranked first on this list. NASA maintained its position at a time when employee satisfaction and commitment dropped at a majority of agencies, and NASA actually raised its score from 2012 to 2013. For more information, visit: (http:// nasapeople.nasa.gov/home.htm).

To learn more about NASA and its employee engagement, visit:

- www.nasa.gov/about/index.html
- www.youtube.com/watch?v=e7DEw70LVWs
- www.govexec.com/magazine/features/2013/05/ secrets-success/63758/
- www.washingtonpost.com/blogs/ on-leadership/wp/2013/07/26/ the-nasa-approach-to-keeping-employees-engaged/

ORGANIZATION PROFILE OUICKEN LOANS

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

At Quicken Loans, employee engagement is not a process, a department, or survey. In fact, no formal or traditional engagement project exists. Engagement, instead, is part of the business strategy and culture of this intentionally flat organization. Every employee (called a "team member"), from new hires to CEO Bill Emerson, is responsible for identifying problems and creating and implementing solutions, and team member engagement is evident from its ranking (fifth) in FORTUNE's 2014 "Best Companies to Work For."

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

The Quicken Loans ISMs book is a physical embodiment of team member engagement at the company. ISMs are simple, easy-to-digest principles that inform every business decision at Quicken Loans. The book has a pop-art look and details what is and is not accepted at Quicken Loans: a reminder of the lessons learned from day one, the expectations of empowered team members to not wait for a form or a process, to do what needs doing, fix what needs fixing, and call every customer back, every time, no excuses. ISMs are written in simple and accessible language, and the ISMs book is updated continually. The spring 2014 edition includes this list:

- 1 Always raise level of awareness
- 2 Inches we need are everywhere around us
- 3 Responding with a sense of urgency is the ante to play
- 4 Every client, every time, no exception, no excuses
- 5 Obsessed with finding a better way
- 6 Yes before no
- 7 Ignore the noise
- 8 It's not about who is right, but what is right
- 9 We are the they
- 10 You have to take the roast out of oven
- 11 You will see it when you believe it
- 12 We will figure it out
- 13 Every second counts
- 14 Numbers and money follow, they do not lead
- 15 A penny saved is a penny

CEO William Emerson

Employee Engagement Executive William Emerson, CEO

Headquarters Detroit, MI

Founded 1985

Industry Sector Financial Services & Insurance—Banking/Credit Services

Number of Employees (FY13) 10,000+

Revenue (FY13) \$2.8 billion

Recognition FORTUNE: 100 Best Companies to Work For (2014, 2013, 2012)



- 16 We eat our own dog food
- 17 Simplicity is genius
- 18 Innovation is rewarded, execution is worshipped
- 19 Do the right thing

A sample behavior: team members say "yes" before they say "no." The idea is that the "yes" is inspirational, and the activity of implementing a great idea will take care of the "no's" that follow naturally. But, ultimately, working from a place of "yes" and of action creates more solutions. This culture rewards innovation and worships execution.

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

New hire orientation is a cornerstone of the culture. Programs host 100 to 400 new team members at a time for an eight-hour session with CEO Bill Emerson and chairman Dan Gilbert on the ISMs. The ISMs book is distributed, along with Emerson's email address and phone number, to new team members.

All other *talent management practices* are based directly or indirectly on the ISMs, including career development, performance management, training and development, leadership development, and succession management.

There are no formal engagement surveys. Instead, leaders have *regular sessions* with their teams to ask what can be done to help them work more productively and be more satisfied with their work and the company.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Quicken's communications guidelines are a case of "practice what you preach." They are written in the same clear and accessible language that they instruct all corporate communicators to use.

- Use pictures along with words
- Use analogies, examples, and stories
- Use simple, plain language
- Clear expectations and transparency are key
- Make it visible: every location, every break room, has one or two ISMs on display as a constant reminder of what is expected and valued

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

The space is deceptively functional. At first glance, for instance, the customer service area looks like colorful chaos. But the ceilings and dividers are functional, diluting background noise so the customer feels as if she is talking to a person, not a call center. The basement copy room, in which the main job is the logistics of shifting paper—a high-volume product for a mortgage company—is light and airy. The ceiling fixtures are playful representations of paper, and natural light is funneled from the street. Team members know that they are key parts of the "mortgage machine" that drives company profits, not just workers in the mundane world of paper supplies.

Elements of fun and functionality are fused, promoting collaboration and collegiality, and ensuring that such needs as safety and physical comfort are met so that team members can focus on clients. Venues for relaxation and leisure help team members to regain focus. The company also offers team members free snacks, benefits such as pet insurance, and, at the Detroit headquarters, onsite amenities from child care to Zumba classes. The philosophy is that, while the company's purpose is not popcorn and slushy frozen treat machines in the break room, those things help the company to achieve its purpose because giving team members both concierge service and a sense of fun quickly transfers to customer service. Team members know what customer service is because they receive it themselves.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

While there is no formal engagement measure, Quicken does measure customer experience. There are hard conversations with team members, but they are early conversations. In lieu of a formal review at midyear or year-end, leaders are expected to flag team members in the moment that they are not living an ISM or are taking advantage of a culture where rules seem not to exist. Rules and targets do exist at Quicken, and so do performance targets. But they are structured around the idea that "It's not about who is right, but what is right."

Quicken Loans fuses "elements of fun and functionality" into its workspace.

Source: Quicken Loans

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LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leaders participate in the engagement process through active monitoring of company activities and availability to all team members. Not only do all team members have the CEO's contact information, but they are encouraged to provide feedback to Emerson and other senior leaders, knowing that they will receive a personal response. According to Melissa Price, CEO of dPOP!, Quicken Loans' spinoff design company, "We want your feedback, then we immediately do something about it. And that just encourages and promotes more feedback and inclusion." Team members may also receive personal notes from Gilbert and Emerson for anniversaries, birthdays, or holidays. However, they can also expect to receive a personal note when there is a customer complaint or a job is poorly done. Senior leaders play an active role in keeping team members engaged and ensuring that the company culture remains strong and positive.

Leaders promote pride in the company and its way of working, maximize performance, model and reward desired behaviors (e.g., event/game tickets, trips, cash), and coach ISMs.

Team members live ISMs (values) and make sure ISMs are part of everything they do with their team and clients. They are expected to provide feedback and to continually look to improve the company. Team members are constantly challenged to go above and beyond for the customer, answering customer inquiries after hours or making house calls. Those that do so are recognized publically by the CEO in emails to the entire organization and in new editions of the ISMs book.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Team member engagement is not formally measured, but customer satisfaction is heavily monitored and is seen as a direct reflection of engagement. The customer experience is measured through surveys and internal metrics, such as how long it takes to respond to an inquiry. Engaged team members will help to improve customer satisfaction, and when the customer is unhappy, it is seen as a reflection on the team's engagement in responding to that customer.

RECENT EVOLUTIONS AND FUTURE PLANS

Quicken Loans has committed to invigorate the cities in which it operates. This is most notable in Detroit, where the company is heavily invested in commercial real estate, as well as a number of civic ventures. Quicken's spinoff office design company, dPop!, for instance, employs approximately 60 people in a restored building in Detroit's economically depressed downtown. Quicken Loans sponsors approximately 1,100 interns. The corporate commitment is that every intern will leave Detroit or other urban areas with Quicken Loans offices feeling that the city is a more vibrant and attractive place than expected and that Quicken Loans actively plays a part in that vitalization. The philosophy is that to attract top talent, the company has to consider what potential team members think of the places they will come to live their lives, raise their families, and take their vacations.

"We have a noble mission on the restoration of Detroit; our work is not just about the rat race, it's about something greater."

Employee Quicken Loans

Source: "Quicken Loans," Great Place to Work (http://us.greatrated.com/quicken-loans)

AWARDS AND RECOGNITION

Quicken Loans ranked fifth on FORTUNE's annual "100 Best Companies to Work For" list in 2014 and has been named among the top 30 companies on the list for 11 consecutive years. It was ranked America's Top Workplace in 2013 on a list released by Workplace Dynamics and has been recognized as one of *Computerworld*'s "100 Best Places to Work in IT" for the past nine years. Quicken Loans ranked first in the *Detroit Free Press* "Best Places to Work in Michigan" list for four straight years, ranked second on the *Charlotte Business Journal* "Best Place to Work" list for 2013, and was named to the "Training Top 125" in 2011 and 2012 by *Training Magazine* for excellence in training and development. For more information, visit (www.quickenloans.com/press-room/fast-facts/ awards-and-accolades/).

To learn more about Quicken Loans and its employee engagement, visit:

- www.quickenloanscareers.com/about/culture/
- http://mostrat.sellingcommunications. com/15_Minutes_With_Quicken_Loans.667.0.html
- www.businessweek.com/articles/2012-10-22/this-ceogives-every-employee-his-cell-number-seriously

ORGANIZATION PROFILE SOUTHERN NEW HAMPSHIRE UNIVERSITY

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

Southern New Hampshire University's (SNHU) employee engagement strategy is intrinsically linked to the organization's goal to "support intellectually and culturally enriched individuals to be successful in their careers and contribute to their communities." In other words, student success is the driving force behind everything at SNHU. Leadership at the university understands that making a true impact in students' lives is achieved when each employee feels a personal connection to the organization's mission and demonstrates the university's core values in his or her daily activities. According to Paul LeBlanc, president of SNHU, "Students, especially, have a radar for authenticity...and what's always been in the DNA of this place has been the heart."

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

Two core ingredients of driving and sustaining employee engagement at SNHU are: (1) a peer-driven culture in which employees live and breathe the university's mission, and (2) leadership committed to publicly recognizing and rewarding employees who demonstrate student-centric behavior and impacts.

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

SNHU does not have a formal employee engagement initiative, nor are engagement efforts the province of the university's human resources unit. Instead, employee engagement is incorporated into the operations of the university. SNHU deploys an integrated set of programs and practices across the employee lifecycle that drives and sustains high levels of employee engagement.

Recruiting at SNHU is intended to identify "right fit" candidates who are qualified and motivated to support the university's success and growth business areas (i.e., online education). Typically, these candidates are attracted to SNHU because they share the same values or a strong affiliation to the university's mission and work culture, often learning about SNHU from current employees. Once hired, new employees become quickly immersed in the university's culture and recognize early how to contribute and be successful. This self-screening, peer-driven cultural immersion drives lower attrition rates and early acceptance of desired values, behaviors, and outcomes.

Onboarding emphasizes a clear understanding of the SNHU mission and the linkage between each employee's role and the university's overall ability to support students' academic success. From day one, new employees hear

President Paul LeBlanc Headquarters Manchester, NH Founded 1932 Industry Sector Education Number of Employees (FY13) 5,000 (full- and part-time) Revenue (FY14) \$309 million **Recognition** The Chronicle of Higher Education, Great Colleges to Work For (2013, 2012)



from both their peers and leaders about the importance of affecting student's lives and experiences. New employees learn they do not need to be in a student-facing role to make an impact. Everyone, including employees who serve in administrative or support roles, is expected to connect with students and demonstrate customer-service behavior.

Employee development builds on the concept of customer centricity and making a real impact on the students. Real stories of employee impact are collected from students or advisors that instill the university's cultural values in employees. While significant training efforts are devoted to new hires to raise awareness of the values that an employee needs to embrace at work, all staff can access many online learning opportunities that reinforce organizational culture and mission alignment.

Performance management aligns employee performance to defined organizational goals and focuses on promoting customer-centric behaviors. These performance requirements are then translated into measurable success indicators (e.g., turnaround time on financial aid processing; graduation, re-enrollment, and persistence rates¹⁵), providing clarity around expectations and enabling supervisors to provide objective performance evaluations. Furthermore, SNHU leadership shares positive examples to inspire and drive organizational buy-in. This public recognition and acknowledgment of exemplary employee behavior, coupled with a bonus and reward system that is above the industry norm, enhances the university's culture of exceptional performance and a high level of employee engagement.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

SNHU leaders promote open and candid communication across all levels of the university, as well as with the students. Aside from encouraging an open-door policy for employees to connect with their supervisors and managers, the university also encourages supervisors and midlevel managers to look for key trends and concerns that need to be proactively addressed. Campus leaders use storytelling and student testimonials to highlight examples of mission-focused behaviors. These examples are publicized in town-hall meetings, cross-functional management meetings, videos, and social media communications. Employee meetings take place at various times, including late at night, to provide employees who work evenings and nights with an equal opportunity to connect with campus leaders and management.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

SNHU operates as a decentralized organization with autonomous business units (departments) that are encouraged to promote their own governance and operating models, in alignment with the university's core values. This autonomy accelerates innovation and experimentation geared toward achieving and sustaining success.

The university workforce is heterogeneous, consisting of on-campus and remote employees (adjunct faculty distributed across the country), a full-time and part-time workforce, and a diverse workforce that ranges from support staff to faculty and administrators. The university recognizes the important contributions of all staff and does not place emphasis on hierarchical markers of status.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Investments in technology and the use of granular metrics and predictive analytics allow the university to identify, in real time, progress at both the individual level (i.e., instructor and student performance) and organizational level (i.e., class, academic program, business line, and function). For example, the university is able to track the levels of student/faculty communications and interactions (advising services) and corresponding levels of student satisfaction and learning (performance, persistence, and graduation). This allows university leadership to measure how well they are meeting their goals and to make objective, data-driven decisions to course-correct, change resources, and adjust priorities.

¹⁵ Student persistence rate is a measure of student's continuous behavior and effort to complete a degree.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

SNHU is a collaborative organization in which every level—managers, supervisors, and employees—shares the same values and strives to model desired behaviors. The connective tissue among these three levels is a myriad of channels that drive bottom-up, top-down, and horizontal communication.

Senior leaders concentrate on articulating the SNHU vision and regularly connecting with all employees to learn and share success stories using formal media (i.e., town-hall meetings, office hours, and regular crossfunctional meetings) and informal media (i.e., president's blog and Twitter). Of particular importance is leadership's openness to discuss failed experiments and lessons learned to enhance employees' trust in leadership and stimulate innovation.

Another effective way of rallying organizational support around the SNHU mission is creating opportunities for **managers and supervisors** to not only listen to employees' concerns, but also empowering them to create change and accommodate employee needs and preferences. Employees within the campus human resources department and other business units act as employee liaisons and communicate with SNHU management to address employee concerns or suggestions. For example, employee feedback led to improved office space, onsite parking, fitness programs, and food delivery services.

Employees sustain a grassroots collaborative culture by continuously reinforcing the values and modeling behavior to new hires and colleagues through daily interactions and meetings. SNHU employees actively participate in The Chronicle of Higher Education's annual survey of higher education workplaces, called "Great Colleges to Work For." Employees are encouraged to rate their views of SNHU across 12 categories, including collaborative governance, job satisfaction, work/life balance, compensation and benefits, and professional/career development programs. The use of a third-party survey ensures candid feedback from employees because SNHU leadership receives only aggregate and benchmarking data for each category. With these results, leadership can validate yearly progress on job satisfaction and other factors that drive and sustain employee engagement.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

SNHU leverages advanced metrics and analytics to assess the value of training and engagement programs on specific work activities, using outcome-based indicators, such as customer responsiveness and changes in student behavior.

Furthermore, the employees' connection with the university vision is a major driver behind the success of the online continuing-education segment, which is currently the largest area of growth in the university (more than 40,000 recent enrollments). This expansion has, in large part, been driven by the university's efforts to promote staff engagement with and responsiveness to student demands for experiential, practical, and affordable education.

RECENT EVOLUTIONS AND FUTURE PLANS

A recent effort to drive employee engagement was the decision to select 48 high-performing members of the part-time adjunct workforce and offer them full-time status in the online education service. These faculty members, who demonstrate a close connection with organizational values and exceptional student-centric behaviors, were reassigned as catalysts for change. Their work will help SNHU leadership implement the new student-focused vision (as opposed to a research-oriented model) to supporting higher graduation and post-graduation employment rates. The university's strategy is to leverage the values and behaviors of these nontraditional teaching staff to influence from within the culture that the more traditional on-campus faculty are comfortable with.

SNHU's leadership plans to double the university's market share in online education over the next two years. This very aggressive goal can only be supported if SNHU collectively continues to embrace the new vision of delivering transformative educational services—and this vision carries over to all aspects of daily work. Scaling a culture of employee engagement to this level will require a top-down commitment to transformative impact, customer-service behavior across the board, and personal accountability for measurable results.

Another success story is the adoption of an affordable competency-based associate degree program, SNHU's College for America, which recently received approval for federal funding. This program will graduate students when they demonstrate mastery of content, rather than accumulate a set number of credits. This program would not be possible without dedicated staff members who are focused on creating transformative teaching experiences.

AWARDS AND RECOGNITION

In 2013, SNHU was rated as a top employer for the sixth consecutive year in "Great Colleges to Work For" by The Chronicle of Higher Education. In 2013, President Barack Obama spotlighted SNHU's College for America competency program as an example of an innovative education service, focused on student impact and affordable education. In 2012, SNHU was also recognized as a top 20 "Best College for Socially Conscious Students" by BestCollegesOnline.com. To learn more, visit (www.snhu. edu/about-snhu-awards-and-distinctions.asp). To learn more about SNHU and its employee engagement, visit:

- www.snhu.edu/about-snhu-contact-us-collegeemployment.asp
- http://chronicle.com/article/ Southern-New-Hampshire-U/146443/

ORGANIZATION PROFILE **TEACH FOR AMERICA**

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

Teach For America (TFA) aims to contribute additional leaders to the growing movement to end educational inequity. The organization's commitment starts with developing teachers, called corps members, who offer their students the opportunity to attain an excellent education and continues through the work that the organization's alumni pursue across education and related fields. TFA achieves this mission by enlisting and retaining engaged and committed corps members (who serve twoyear terms as teachers in under-resourced urban and rural schools), alumni, invested employees and leaders, and active community partners. This philosophy has helped it achieve a ranking of 88 on FORTUNE's 2014 "Best Companies to Work For."

Teach For America aligns its engagement culture with its core values:

- 1 Seek *transformational change* by providing services using high standards and long-term views
- 2 Foster *leadership* skills that are purposeful, strategic, and resourceful
- 3 Build and sustain educational efforts using *team* approaches

- 4 Value and implement *diversity* in the organization to reflect the classrooms in which they teach
- 5 Maintain *respect and humility*, acknowledging that its mission is achieved only with the help of partners—families, schools, and communities

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

Teach For America's engagement philosophy and the programs and practices that support it can be illustrated by concentric circles. At the center is the mission to bring quality education to children in underserved populations. This mission is supported by an inner layer of dedicated and engaged leadership and employees, who manage operations, recruitment, and funding at national and regional levels. They engage with the active corps members, who serve as local school district employees, to bring the corps members support, communication, and training as they develop their own culture of engagement. Finally, the corps alumni epitomize the organization's sustained culture of engagement as they pursue careers as educators, advocates, policymakers, leaders, and mentors to active corps members.

Diversity and inclusion is also very important to TFA because it strives to create an employee base that is diverse and aims to build an inclusive culture. "We believe so strongly that all children should have excellent

Co-CEOs Matthew Kramer and Elisa Villanueva Beard

Employee Engagement Executive Marion Hodges Biglan, VP, Human Assets People Partnerships & Coaching Headquarters New York, NY

Founded 1990

Industry Sector Education & Training

Number of Employees (FY14) 2,500 (full- and part-time)

Revenue (FY13) \$318 million

Recognition FORTUNE 100 Best Companies to Work For (2014, 2013, 2012)

TEACHFORAMERICA

opportunities for education. It's critical that we're able to attract, recruit, and have strong pipelines of diverse talent on staff to ultimately fuel our mission in the classroom," explains Marion Hodges Biglan, vice president, human assets, people partnership & coaching. Diversity is a strong focus of the organization, and leadership works to build and celebrate this through affinity groups, consciousness-building workshops, and looking at all of the organization's short- and long-term activities through a lens of diversity, equality, and inclusiveness.

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Teach For America hosts a range of programs to foster a culture of engagement, and several exemplify its core value, team approaches. At national and regional levels, workforce teams discuss projects, share ideas, and offer feedback through "daily stand-ups" or "step-back" huddles, Yammer (social network) communications, and weekly check-ins with managers. Teams participate in staff retreats, peer mentorship, and "culture committees." While these programs cultivate team culture and engagement, they also help employees to see, both professionally and personally, how their work supports the mission, the values, and their fellow employees. It is common for employees to visit corps members' classrooms throughout the year or volunteer in some way. For example, the information technology team runs a school supplies drive every summer.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Across the organization, leadership, staff, and corps members stay connected through the "Monday Minute" email, offering key organizational updates; the "Weekly Tie-Up" video, summarizing the week's highlights in 60 seconds; a weekly podcast called "Education on Tap," a bi-weekly session called "The Chat" with the company's co-CEOs; and monthly TV show called "The Blank Show" that showcases education issues in and out of the classroom. Additionally, social media keeps employees connected, including an internal Google platform to share promising practices. More conventional in-person communication includes team meetings, staff retreats, training sessions, and action-planning sessions following employee engagement survey results.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

A culture of engagement at Teach For America pervades not only practices and policies, but physical space as well. Core values are displayed on office and cubicle walls and as scrolling computer backgrounds. Space is organized to promote team engagement, leadership development, and diversity. The open floor plan is supplemented by conference rooms meaningfully linked to team identities (e.g., locations, such as Miami, Atlanta, or Hawaii rooms). Communal space is used for both professional and interpersonal growth, such as office brainstorming sessions and after-hours game nights. Teacher-themed details abound, supporting the national brand: chalkboard nameplates and bright office colors, team bulletin boards at local sites with regional maps matched to corps member pictures, motivational bulletin boards, library space for employees and corps members, and, at headquarters, classroom desks as office furniture. In the new headquarters office space, an open glass staircase through the middle of each floor will replace a closed back staircase, unifying staff and making for a more engagement-friendly environment.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Teach For America uses formal and interactive assessments to gauge the pulse of its workforce. Formal employee surveys initially focused on job satisfaction but now have expanded to engagement and organizational culture. Interactive assessments occur through leadership and management dialogue with staff (e.g., town-hall meetings, TV sessions) involving workplace issues. TFA has learned to be data-informed, rather than data-defined, viewing its workforce engagement measures as point-intime estimates of change rather than definitive endpoints in benchmarking performance. This shifted how Teach For America managers use data. The organization is decentralizing its engagement model to empower regional managers to review data with their teams and collectively implement change, rather than adhere to a standardized approach. The benefit will be greater innovation at the local level to foster engagement, in a way that is customized to the team.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leaders set the organizational tone, connect it to the mission, and work toward implementation. To exemplify this commitment, Teach For America executives allocated resources to improve workforce engagement through new communication pathways. Communication at the organization's onset in 1990 with 500 corps members was informal, consisting of local meetings and phone calls, but today, with 10,600 active corps members and more than 37,000 alumni, communications include more digitized channels, such as virtual town hall meetings with the co-CEOs, blogs, and email communication, along with local and centralized gatherings.

Managers connect employees' day-to-day activities to the overall mission of serving children and communities, whether they are frontline teacher coaches to corps members or work at headquarters as IT analysts or HR specialists. Teach For America supports managers' skills and engagement through several mechanisms: (1) in-person and virtual training courses, (2) one-on-one executive coaching, and (3) interactive offsite "Leadership Journeys" to reflect on challenges and explore solutions.

Employees are at the heart of Teach For America's engagement culture. The organization believes that its staff members have the greatest educational impact when they thrive and grow as leaders. These beliefs are implemented through employee engagement in team activities that strengthen collective decision making, communication, and leadership skill-building. Across the organization, teams range in size from five to more than 150 staff members, and their input is sought and incorporated into everything from the organization's core values to the design of its new national office space. Employees are encouraged to participate in development opportunities, such as the "Exploring Leadership" program for junior staff, and to seek opportunities outside of work to stay connected to the organization's mission.

For TFA's **corps members**—the teachers themselves—the organization applies a "Teaching as Leadership" framework, where new corps members experience an intensive summer training institute, followed by ongoing support and development during their two-year commitment. Support includes observations and one-on-one coaching from local managers and learning teams, access to online trainings and resources (TFANET), content or gradespecific learning teams, university certification and/or master's degree programs that offer additional skill-building, and a virtual corps community (TEACHERPOP).

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Teach For America is a goals-driven organization that measures engagement outcomes, such as team retention rates. Engagement results are an important measure of impact and success for team leaders, and provide helpful insights on staff experience. From survey data, Teach For America consistently finds that their employees are strongly connected to the organization's mission. The organization uses employee commitment to the mission and ability to uphold the values as an indication of engagement.

RECENT EVOLUTIONS AND FUTURE PLANS

Teach For America increased from 837 employees in 2008 to 2,500 employees in 2014. Business practices, such as its communication model, have adjusted to accommodate this growth. Its new decentralized approach gives managers and local teams greater autonomy, while at the national office, teams have improved flexibility. Regional teams are able to select applicable engagement services from a menu of options to best meet their needs. Decentralization also enables the national office to seek out promising engagement practices across regions and highlight them, using the organization's internal Google platform for disseminating work resources.

Teach For America wants to continue to foster a decentralized engagement model by determining promising practices. Showing managers what drives engagement change in their areas should give them greater autonomy in leading local engagement efforts.

AWARDS AND RECOGNITION

Teach For America ranked 88 on FORTUNE's "100 Best Companies to Work For" list in 2014. This is the fourth year that TFA has ranked on this list. The organization has also won many diversity and inclusion awards, including the 2013 *Working Mother* Best Company, the 2013 and 2014 *Latina Style* 50 report, and, in 2013, *Essence* listed it as one of the top 25 employers for African-American women. To learn more, visit (www.teachforamerica.org/ press-room/press-releases/2014/fortune-names-teachamerica-best-company-work-fourth-consecutive-year). To learn more about Teach For America and its employee engagement, visit:

- www.teachforamerica.org/our-organization
- www.teachforamerica.org/press-room

ORGANIZATION PROFILE US PATENT AND TRADEMARK OFFICE

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

Under its current strategy, collaboration serves as the foundation for US Patent and Trademark Office (USPTO) activities, both across and within groups of managers, employees, labor unions, and external stakeholders, such as inventors and patent agents. Transparency and openness are core underpinnings of its strategy, and leaders strive to connect all employees to the importance of USPTO's unique mission to protect progress and discoveries, as mandated by the US Constitution.

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

In 2007, USPTO ranked 172 of 222 government agency subcomponents in the Partnership for Public Service's "Best Places to Work in the Federal Government." Just five years later (2013), it ranked at the top. This dramatic increase was largely due to agency changes focused on improving the employee experience at USPTO and, in turn, improving upon business metrics, such as decreasing patent backlog.

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

USPTO *recruits* for people not only with the right technical background and skills, but also who are willing to collaborate with others on their own team and across units. These traits are especially important at the senior leadership level, where the agency will not hire someone unless it believes the person will be a good fit and able to work well within the team and with other leaders.

The *Patent Training Academy* is a year-long process, beginning with four months of intensive training that teaches new employees how to be patent examiners. Cohorts of approximately 130 examiners undergo the training together, and it provides an opportunity for engagement from the very beginning of the employee lifecycle. The

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office Vacant

Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office Michelle K. Lee

Commissioner for Patents Margaret A. Focarino **Commissioner for Trademarks** Deborah Cohn

Employee Engagement Executive Frederick Steckler, Chief Administrative Officer

Headquarters Alexandria, Virginia

Founded 1790

Industry Sector Federal Government

Number of Employees (FY13) 12,000

Budget (FY14)* \$3.07 billion

Recognition Partnership For Public Service: Best Places to Work in the Federal Government (2013, 2012)

* USPTO President's Budget Submission FY2014



cohort establishes a sense of belonging for new employees and allows them to form relationships and support networks early on.

Supervisors at all levels attend an intensive *leadership development training*, during which engagement tools and practices are shared. The organization's 1,000 managers, ranging from frontline supervisors to executives, attend an innovative leadership forum every other year. This weeklong forum is held at the main campus in Alexandria, Virginia, and includes keynote speeches and classes on topics such as coaching, mentoring, and engaging the virtual worker. It provides a range of college-style courses from which each participant must take a minimum number. USPTO also provides ongoing leadership development training for employees at all levels, from non-managers to new managers and soon-to-be managers.

Examiners and supervisors have shared goals in their *performance plans*, such as reducing backlog, so that both are recognized and rewarded for achieving those goals. Favorable outcomes in these goals bring rewards to all levels of employees. While USPTO does provide monetary rewards, it also includes public recognition and prestige. For example, tier-type recognition awards (gold, silver, and bronze medals) are distributed for metric-oriented achievements. The "Leadership in Action" award is provided to managers based on employee-nominations.

USPTO has 13 *affinity groups* (e.g., Asian-Pacific American Network, Blacks in Government, Women in Science and Engineering, and USPTO Military Association) that support employees in both formal and informal ways. For example, USPTO hosts a Community Day to celebrate the USPTO community and its diversity. Affinity groups also contribute to the onboarding of new examiners, connecting them to USPTO and local communities. These groups may provide mentoring and social activities for their members and may also provide practical activities like helping relocated employees acclimate to the local area.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Ensuring access to business tools for all employees, including adequate equipment and virtual collaboration tools, facilitates work accomplishment and supports the message that the organization relies on its employees to achieve its mission. With many virtual employees, USPTO's leadership team recognizes the importance of using numerous in-person and virtual mechanisms to connect with its diverse employee population. For example, it provides web access and document-sharing tools for all employees. Senior executives also use multiple communication forums like blogs, town-hall meetings, and periodic Q&A sessions with managers on any topics desired. In these meetings, managers can send questions ahead of time or ask them in real time.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

The USPTO campus comprises several buildings that surround a green, open space, where employees like to gather both informally and for USPTO-sponsored events. The campus, built specifically for the agency and inhabited in 2006, serves as a focal point for employee activity.

The buildings are characterized by spaces that encourage collaboration, including plentiful meeting spaces, open spaces, and natural light that makes it comfortable and inviting. The campus includes the Madison Building houses, where the National Inventors Hall of Fame and Museum resides. Employees can visit the museum to learn about the inventors and activities behind recent and historical breakthroughs, such as 3D printing and the use of CT scanning, which helps them see the importance of their contributions to the agency's mission. The buildings' common areas (e.g., cafeteria, snack bar) make use of open space and portable furniture that can easily be moved by patrons to facilitate conversation.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

USPTO has put in place numerous tools for measuring and assessing employee engagement and overall organizational effectiveness. The primary tool for measuring employee perceptions is the administration, and subsequent feedback of results, of the annual federal Employee Viewpoint Survey (EVS), which is a standard employee feedback tool for federal agencies. Sharing the results widely, especially after putting in place organizational improvement activities, has helped managers see the results (e.g., perceptions trending in a very positive direction) of their improvement efforts. Each business unit gets its EVS scores for use in creating tailored action plans. Business unit executives are assessed on their actions taken to improve EVS results and to enhance employee engagement in their areas.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leaders regularly blog on the agency's public website about key USPTO activities—mission-based (e.g., status of policy implementation activities) and governance-based (e.g., internal program updates). Executives are expected to model the behavior they want to see in others by demonstrating collaborative and collegial interactions and building trust and respect. One forum within which these behaviors are modeled includes collaborative hiring, where executives from different business units come together to interview and hire executives in other business units.

Executives also host periodic "flash mentoring" programs, during which leaders attend round-robin style Q&A sessions with employees. Each session lasts 10 to 15 minutes, after which the executives move to another table to answer additional questions from another group of employees.

Managers have at their disposal mechanisms to reward employees for desired activities, such as taking reasonable risks and reaching out to stakeholders. They also use team activities to improve team cohesion and job satisfaction and are encouraged to mentor employees to address performance issues, rather than taking more punitive measures. After-action reviews of projects that did not deliver intended results focus on discussion, review, and next steps, rather than assigning blame or reprimand. Managers are given the tools and resources they need to have these conversations effectively and to feel comfortable in this role.

USPTO strives to connect all **employees** to its mission and to ensure that all employees understand how their roles contribute to not only filling patents, but to the overall economy. Fred Steckler, chief administrative officer, believes that "you have to feel like what you do for eight or 10 hours a day matters....[A]II these things that are connecting people to the mission [are] important." By sharing key business metrics (e.g., processing times, backlog data), the organization enhances awareness, problem-solving, and trust among employees, managers, and stakeholders.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

In 2009, USPTO had what current leaders describe as an "unacceptable" backlog of patent applications. The backlog has since decreased substantially, which leadership attributes in part to the heightened engagement levels of employees. In addition to significant reductions in backlog, patent and trademark examination cycle time has decreased. All of this has been accomplished in the face of large increases in new filings. Additionally, examiners are now encouraged and expected to conduct more direct outreach to stakeholders, like patent attorneys and applicants. The effects of this outreach include reduced time in handling applications and increased stakeholder satisfaction. USPTO leaders indicate that the quality of work has also increased, as measured through stakeholder satisfaction. This was largely due to the increased examiner outreach activities to relevant stakeholders.

Some measures indicating success of engagement efforts include:

- Increased output of examination activities and reduced processing time, resulting in overall lowered backlog of patent applications
- Lower employee attrition rates in a field where retention is key business success factor
- Increased diversity and highly qualified staff, owning in part to strong word-of-mouth advocacy of the USPTO as a quality employer

RECENT EVOLUTIONS AND FUTURE PLANS

USPTO is planning to add a supplemental survey to the EVS for future use. This additional survey would focus heavily on employee engagement subject matter, and resulting insights would likely be more actionable with regard to engagement activities than the EVS alone. The planned survey will allow USPTO to get results at lower organizational levels, supporting targeted feedback and opportunities for improvement for more discrete organizational units and generating greater accountability at the individual manager level. The new survey will also allow for private-sector benchmarking. The benefits to this supplemental survey could include greater accountability for managers of organizational sub-units and more actionable feedback directly related to employee engagement.

Leadership at USPTO considers employee engagement to be one of the agency's major focus areas, and it hopes to continue to learn and apply those lessons to its work. One way to do so is to more fully educate and engage the Human Capital and Senior Executive Service councils and the leadership forum, held every other year, to increase opportunities for thinking and action around engagement. Leadership also hopes to use HR teams to more fully support individual business units with data-driven analysis and recommendations.

AWARDS AND RECOGNITION

In 2013, USPTO was ranked first out of 300 federal agency subcomponents, representing a dramatic rise in the rankings from fifth in 2012 and 172 in 2007. To learn more, visit (www.uspto.gov/news/pr/2013/13-40.jsp).

To learn more about USPTO and its employee engagement, visit:

- www.uspto.gov
- www.uspto.gov/news/pr/2013/13-40.jsp
- www.uspto.gov/blog/director/entry/ celebrating_our_1_ranking_as
- www.shrm.org/hrdisciplines/staffingmanagement/ articles/pages/hotelingusptoemployees.aspx
- www.astd.org/Publications/Magazines/TD/ TD-Archive/2014/04/Lessons-from-the-Best

ORGANIZATION PROFILE WHOLE FOODS MARKET

ALIGNMENT OF BUSINESS STRATEGY AND ENGAGEMENT STRATEGY

Whole Foods Market's values, history, and philosophy of conscious leadership are shared publically in the book *Conscious Capitalism: Liberating the Heroic Spirit of Business,* by Whole Foods Market co-founder and co-CEO John Mackey, along with Raj Sisodia, a business professor at Bentley College. "Conscious leadership" and "conscious capitalism" are based on Mackey's philosophy of how business and the world's economic systems need to evolve. This evolution is based on four key tenets:¹⁶

- 1 Each business has the potential to have a higher purpose beyond just maximizing profits and shareholder value.
- Businesses should be managed on behalf of all interdependent stakeholders, not just the shareholders. They need to create value for the customers, employees, suppliers, investors, community, and the larger environment.

- 3 A new type of leadership is required—one that is in synch with the purpose of the organization and that attempts to create value for its shareholders, as opposed to leadership that is only there to line its own pockets.
- 4 Companies need to create a special kind of culture that is more humanistic and that has strong marks of empowerment, care, and love. They need this kind of culture for creativity and innovation to flourish.

AN ORGANIZATIONAL PHILOSOPHY THAT EMPHASIZES A CORE PURPOSE

Whole Foods Market is a mission-driven company with a purpose beyond selling groceries. Everything it does is based on its guiding principles of "shared fate and self-responsibility." Its belief in transparency, teamwork, employee empowerment, participative leadership, and a sense of equity among employees has earned the company a ranking of 44 on FORTUNE's "Best Companies to Work For" list for 2014. Leadership at Whole Foods

Co-CEOs Walter Robb and John P. Mackey

Employee Engagement Executive Mark Ehrnstein, Global Vice President of Team Member Services

Headquarters Austin, TX

Founded 1980

Industry Sector Retail-Food/ Grocery

Number of Employees (FY13) 78,400

Revenue (FY13) \$13 billion

Recognition FORTUNE: 100 Best Companies to Work For (2014, 2013, 2012)



¹⁶ Kate Lowery, "Conscious Capitalism: A New Book by Our Co-founder and Co-CEO, John Mackey," The Whole Foods Market® blog, December 6, 2012 (www.wholefoodsmarket.com/blog/consciouscapitalism-new-book-our-co-founder-and-co-ceo-john-mackey).

Regions and individual stores are free to innovate store design, including the team member-suggested taproom, now operating in more than 70 locations.

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Source: Whole Foods Market

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9 ea Market believes in leading, rather than managing. Employees are "team members," and managers are "team leaders." Command-and-control leadership is actively rejected. And leadership believes engagement is everyone's responsibility.

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Whole Foods Market does not have a formal employee engagement program; rather, principles of empowerment and team spirit are foundational to a variety of practices.

The company thinks equitably when it comes to *compensation*. No individual can earn in total base and bonus more than 19 times the average hourly rate, and the previous year's salaries and bonuses are made public in its annual wage disclosure report. If team members have questions, they can make an appointment with the HR lead for their store to review the report, take notes, and ask questions. Likewise, over 90 percent of its stock options are distributed to nonexecutives in the company. Grants are based on tenure, as well as position, so that team members who have worked 6,000 hours (approximately three years) are eligible.

A *labor gain-sharing program* helps team members understand why it makes sense to work together and be productive. If a team is productive and spends less than was budgeted for labor, the difference is returned to the team in the form of gain-sharing dollars or additional compensation. This program is one of the cornerstones of the team structure.

When the company hires new leaders, job candidates are assessed through *panel interviews* of up to 18 people who will likely be team members with or interact in some way with those candidates, if hired. Sometimes, the candidates are also asked to conduct town-hall meetings with a larger group of team members, who will then provide feedback. Ultimately, the hiring leaders will make the final decision, but, most of the time, they agree with the panel's decision.

If team members are involuntarily separated from the company, they have internal recourse by requesting a *fair hearing*. The case is reviewed by a regional HR director and, if the decision is upheld, the team member can request a peer review. The affected team member will pick two panel members, the company will pick two, and then

those four will pick the fifth. The panel will review the decision to terminate, discuss it, and vote whether to uphold or overturn the decision. The panel's decision is final.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Storytelling is an important part of the Whole Foods Market culture. Regional presidents share ideas, photos, and successes in company newsletters.

Transparency is also a hallmark of the engaging culture, and one unique practice is the annual wage disclosure report, which lists every employee's total salary and bonus for the previous year. The company does not keep anything secret from employees and shares information freely via mobile applications and reports. Knowing the report is always available for team members to see creates a sense of equity and parity in the company.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

Whole Foods Market has 12 operating regions, and each region has a tremendous amount of autonomy. No store is exactly the same. Decisions about product displays or shelf space are made at a regional or local level because the company believes team members usually know best about what is or isn't working. Regions and stores are free to innovate, with the best ideas often coming from the store level. For example, a team member in a California-based store suggested opening a bar on site, so the store opened a taproom. It shared photos across the network, and now more than 70 stores have taprooms.

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Whole Foods Market conducts an annual morale survey that consists of 64 questions over 16 distinct categories. It benchmarks itself against other retail and high-performing organizations, and uses a robust analytics tool that breaks data down to store, team, and work-group levels. The anonymous survey covers a variety of areas, including employee development, knowledge of company goals and objectives, and how well leadership adheres to the organization's culture and core values.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Engagement is everyone's responsibility at Whole Foods Market, where principles of shared fate and self-responsibility are important and reflected in the language used to describe the various roles.

Engagement starts at the top, and senior leaders play a key role in setting the tone for their direct reports and for all team members. A foundational element is creating a culture of transparency and participation, which is woven through numerous cultural practices-from basic communication to the panel interview process. For example, executive vice presidents hold periodic virtual town-hall meetings to connect with team leaders across the company, and the format is also used as part of the interview process for such executive positions as regional president. Leadership is also expected to be transparent with survey results-sharing findings from both the employee engagement survey, as well as their own leadership survey with their teams. This creates accountability for leaders as they respond to the results with both personal reflections and action plans to move forward.

Managers, or "team leaders," are stewards of the cultural practices designed to create buy-in, such as the team vote or panel interview. Store leaders also are expected to be tuned into diversity. For example, one store leader celebrated Canada Day since the store had a number of Canadian team members. Another store held a potluck event, where team members brought in food from their country of origin.

Employees, or "team members," are active participants in engagement—they speak up and help create solutions. Empowering employees to succeed through teamwork is central to its approach to engagement, as illustrated by its Declaration of Interdependence, which states: "Achieving unity of vision about the future of our company, and building trust between team members is a goal of Whole Foods Market. At the same time, diversity and individual differences are recognized and honored. We aim to cultivate a strong sense of community and dedication to the company."¹⁷ Teams are awarded for working well together, and they decide collectively on who is hired. "It's a great

17 "Why We're a Great Place to Work," Whole Foods Market (www. wholefoodsmarket.com/careers/why-were-great-place-work). opportunity for the team to affirm that they collectively support a new member becoming a team member," notes Mark Ehrnstein, global vice president of team member services.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Teams with higher morale have higher productivity, and stores with higher morale have better sales. In addition, employees stay and grow with Whole Foods Market—90 percent of current team leaders and executives began their careers working somewhere else in a store.

RECENT EVOLUTIONS AND FUTURE PLANS

In the past year, Whole Foods Market started its Academy for Conscious Leadership to ensure leaders understand what it means to lead at the company. Key themes in the curriculum include analytical thinking and emotional intelligence. The organization continues to hone the program as it receives participant feedback.

The company is also revisiting how to connect with team members digitally. Regional initiatives have explored the potential that a mobile app could have in connecting team members to customers and to each other. With a company-wide technology implementation taking place this fall, all team members will have the option to access individual benefit and company information through a mobile device, including their own.

AWARDS AND RECOGNITION

Whole Foods Market has placed on FORTUNE's "100 Best Companies to Work For" list for the seventeenth year in a row and was ranked 44 in 2014. It is one of only 13 companies that have made the list every year since it started in 1998. It was also included in another FORTUNE list, "World's Most Admired Companies," ranking 19 overall and first in the food and drug store industry. WorkplaceDynamics also placed it on its Top 150 Workplaces list. For more information, visit (http://media. wholefoodsmarket.com/history/). To learn more about Whole Foods Market and its employee engagement, visit:

- www.wholefoodsmarket.com/careers/ why-were-great-place-work
- www.bizjournals.com/bizjournals/how-to/ human-resources/2013/02/how-to-inspire-youremployees-to-make.html?page=all

ORGANIZATION PROFILE ZAPPOS.COM, INC.

ALIGNMENT OF BUSINESS STRATEGY AND **ENGAGEMENT STRATEGY**

Zapponians, as Zappos employees are called, have always played a huge role in creating how the company operates, and their importance has become even more apparent with its recent transition to management by holocracy.®18,19 Holocracy is a new practice for structuring, governing, and running an organization where everything in the company is organized around its purpose. Power is no longer distributed from the top-down or the bottom-up. Instead, power is equally dispersed among all. Everyone is a leader in his or her own role, but a follower of others' roles. Employees self-direct their work instead of reporting to a manager who tells them what to do. This new operating system allows a company to serve its higher purpose while also rapidly evolving its core processes to keep up with the speed at which business is changing.

AN ORGANIZATIONAL PHILOSOPHY THAT **EMPHASIZES A CORE PURPOSE**

Zappos likes to think of itself as a fun place with a serious side. Its engagement philosophy is tightly aligned with its 10 Zappos Family Core Values, which have a strong focus on employee empowerment and customer service:

- Deliver WOW through service 1
- 2 Embrace and drive change
- 3 Create fun and a little weirdness
- 4 Be adventurous, creative, and open-minded
- 5 Pursue growth and learning
- Build open and honest relationships with 6 communication
- 7 Build a positive team and family spirit
- 8 Do more with less
- 9 Be passionate and determined
- 10 Be humble

FORMAL PROGRAMS AND POLICIES THAT DRIVE THE ENGAGEMENT AGENDA

Uniquely, Zappos doesn't wait until someone is officially an employee to begin the engagement process. The company has created a *community* for people considering Zappos to help them determine whether the culture is a fit. By becoming a Zappos Insider online, prospective employees connect with current Zappos employees and learn about

CEO Tony Hsieh

Employee Engagement Executive Steven Bautista

Headquarters Las Vegas, NV

Industry Sector Retail-Specialty Number of Employees (FY13) 1,200 +

Founded 1999

Revenue (FY13) \$3.08 billion

Recognition FORTUNE: 100 Best Companies to Work For (2014, 2013, 2012); Achievers: 50 Most Engaged Workplaces (2013, 2012, 2011)

18 Tony Hsieh, "What Is Holocracy?," Zappos Insights, Inc., 2014. http://www.zapposinsights.com/about/holacracy

^{19 &}quot;Holocracy[®]: Purposful Organization through Social Technology," HolocracyOne, LLC, 2013. http://holacracy.org/how-it-works

the company and how it works. The engagement team has a lot of say in who gets hired. If team members feel a candidate won't fit with the culture and move the company forward, they discourage the hire, even if the candidate has the right technical skills.

During *job interviews*, candidates are asked questions like, "If you were a superhero, what superhero would you be?" The interviewer is more interested in how receptive the person is to such a question than the answer. Even the company driver, who picks up the job candidate from airport, participates in the recruiting process—if the candidate is negative or gives a bad impression, the driver can provide that feedback to the hiring team.

"We focus on making sure we have a great service-focused culture. If you get the culture right, then a lot of really amazing things happen on their own....Our hiring process is different from most companies'. We actually do two different sets of interviews. There is the first, which is the standard stuff for technical ability, experience, and fit with the team. But then our human resources department does a separate set of interviews purely for culture fit, and you have to pass both in order to be hired. We've rejected many talented people who we know would have made an immediate impact on our top or bottom line. Because culture is our number one priority, we're willing to give up shortterm profits or revenue growth to make sure we have the best culture."

Tony Hsieh CEO, Zappos.com

Source: Excerpted from Robert Reiss, "Tony Hsieh on His Secrets of Success," Forbes.com, July 1, 2010 (www.forbes.com/2010/07/01/tony-hsieh-zappos-leadership-

managing-interview.html)

Once hired, new employees must attend a four-week onboarding process, during which they meet with departments to learn about initiatives, are educated in Zappos culture and history, spend two weeks working in the call center (even if they were not hired for that job), and build relationships through social activities. Then, at the end of the orientation period, new employees are given the opportunity to leave the company in exchange for one month's pay, based on the employee's position, if they do not think they fit with the culture.

All employees are active participants in the engagement process. Peers nominate each other for a job well-done. Awards include a \$50 co-worker bonus and "Zollars," currency issued for use in the Zappos Zollar Store. Employees are also invited to share what the Zappos culture means to them through a culture book (available in hardcopy and digital formats) that contains employees' unedited stories, thoughts, ideas, opinions, photos, and 10 core values. A new edition is created each year.

OPEN, PROACTIVE, LEADER-DRIVEN COMMUNICATION ABOUT ENGAGEMENT

Employees ask questions through the "Ask Anything" system, located on the company's intranet. An email blast is sent out each month, reminding employees that they can send in a query about anything at any time, even if it's not directly related to their job or Zappos. The company finds the best person to answer the question and then follows up to make sure the question was answered satisfactorily.

Zappos holds quarterly All-Hands meetings at a variety of venues around Las Vegas. The call center closes for a portion of the day so the entire company can attend. Tony Hsieh, the CEO, runs the four-hour meetings, which include motivational speakers, such as Tony Robbins, along with company business. A happy hour or social event directly follows each meeting so employees can chat about what they heard.

A WORKPLACE (PHYSICAL AND VIRTUAL) AND ORGANIZATIONAL STRUCTURE THAT PROMOTES COLLABORATION AND INCLUSION

Management at Zappos is set up as a series of management circles. The highest circle is known as the Internal Board, and then each department has its own circle. Each circle meets weekly to discuss proposed projects, issues, and challenges. Any employee can attend any meeting they just have to ask.

During meetings (usually held weekly), decisions are made through an "objection round"—where those in attendance have the opportunity to react to new ideas. If there is an objection, those in attendance will have to work on "integration," which is a usable solution between the two disagreeing groups. If employees think something within the organization isn't being done right or that a program isn't serving the company, they can "raise the tension" on the matter by referring it to a higher circle.

Zappos headquarters recently relocated from Henderson, Nevada, to downtown Las Vegas so the company and employees can better interact with the community. Each area of the office space is designed as a small neighborhood and features employee artwork. In fact, several hundred square feet of walls are covered in murals and artwork created by employees. Employees have their own space, which is personalized to reflect their own uniqueness and also highlight their contributions to the organization. Workstations are decorated with license plates that recognize employment anniversaries and pins and awards for being "heroes" and "mentors."

A REGULAR CADENCE FOR ASSESSMENT AND FOLLOW-UP

Zappos doesn't use a lot of metrics and doesn't aim to hit a number. Instead, it looks to see if it's constantly innovating. If it's not, that's the performance indicator.

It does, however, have a team called zProject, which is dedicated to trying to measure Zappos culture. The z60 is a tool to help Zappos measure how its employees are living the 10 Core Values. Each Core Value is broken down into three behaviors, and an employee will ask up to 20 colleagues with whom he or she works closely to rate how well he or she displays those behaviors.

LEADERS WHO ARE EXPECTED AND EMPOWERED TO BUILD ENGAGEMENT

Senior leaders realize that employees play a large role in the culture, so they strive to empower employees to turn their own ideas into reality. Senior leadership's goal is to facilitate connections between employees so they can support and engage each other. Steven Bautista, who oversees the company's philanthropy efforts, explains, "Our goal is to find ways to help employees who want to improve the culture....Whether that means connecting them to the right people, finding it for them, or turning the idea into reality." For example, they instituted a "wishes" program that allows any employee to submit a wish (one employee wished for a treadmill, another wished for 25 rubber ducks), and other employees work to grant the wishes, with leadership's support.

Employees play the biggest role in shaping Zappos culture since they generate most of the ideas that are implemented. Employees are highly engaged because the company empowers them to move ideas forward. For example, in the call center, Customer Loyalty Team members don't have to ask permission from their leads to act in response to their customers. If they feel like it's the right decision and will make the customer happy, they are empowered to make that decision without asking. Likewise, if employees have an idea they think will improve employee engagement or the Zappos community, they are encouraged to make it happen. Many of the activities and ideas suggested and implemented by employees have become part of Zappos culture.

DEMONSTRATION OF THE BUSINESS IMPACT OF ENGAGEMENT

Zappos gauges its success in employee engagement by observing employee behaviors. Having engaged employees means having employees who speak well about the company and want it to succeed. It's about more than just a paycheck for them.

RECENT EVOLUTIONS AND FUTURE PLANS

All-Hands meetings and general operating practices based on listening to the voice of employees are embedded in the rhythm of how Zappos operates its business. These vehicles for communication and continuous improvement provide an ongoing springboard for continuing to cultivate a highly engaged workforce. Zappos is continually adapting and improving. With its recent move to downtown Las Vegas, the company is giving greater attention and focus to the community in which it operates, including growing its local charity events and fundraising.

AWARDS AND RECOGNITION

Zappos was selected for Achievers 50 Most Engaged Workplaces Awards in 2013, 2012, and 2011, and has placed on FORTUNE's 100 Best Companies to Work For list for six consecutive years, ranking 38 in 2014. The company has been featured in numerous publications, including *New York Times, USA Today, New Yorker, Washington Post, Forbes, Los Angeles Times, Chicago Tribune,* and CNN. For more information, visit (www. zapposinsights.com/about/zappos/press-kit).

To learn more about Zappos and its employee engagement, visit:

- http://about.zappos.com/our-unique-culture/ zappos-core-values
- www.zapposinsights.com/blog/item/getting-creativewith-employee-benefits-and-engagement
- www.zapposinsights.com/about/fact-sheets/ engagement
- www.greatplacetowork.com/storage/documents/ Publications_Documents/Zappos_-_How_Zappos_ Creates_Happy_Customers_and_Employees.pdf
- www.simply-communicate.com/ case-studies/company-profile/ zappos-hits-jackpot-employee-engagement-las-vegas
- www.youtube.com/watch?v=E1oaZOFtsal

Annotated Bibliography

Amabile, Teresa, and Steven Kramer, "The Progress Principle: Optimizing Inner Work Life to Create Value," *Rotman Magazine*, Winter 2012

(www.mcgohanbrabender.com/documents/content/1174.pdf)

This article, adapted from the authors' book on the subject, outlines research conducted at seven companies that tracked employee day-to-day events, exploring the connection between employees' "inner work life" and organizational progress.

The authors define 'inner work life' as "the constant stream of emotions, perceptions and motivations that people experience as they react to and make sense of events in their work day." Three forces supporting inner work life include:

- making progress in meaningful work;
- receiving catalysts (things that directly help get the work done); and
- benefitting from nourishers (interpersonal events that uplift people as they work).

Key findings in the study show that progress and inner work life are linked and form a reinforcing feedback loop, improving or deteriorating in tandem.

The study revealed seven major catalysts and/or inhibitors, which are defined in the study, that can have an immediate impact on inner work life, as well as four broad categories of nourishment that increase the odds employees would make progress.

Implications for practitioners include the key conclusion of this study: leaders and managers are best served directing their everyday actions on providing catalysts and removing barriers that help improve employees' ability to make progress in their work.

Aon Hewitt, "2013 Trends in Global Employee Engagement," 2013

(www.aon.com/human-capital-consulting/thought-leadership/talent_ mgmt/2013_Trends_in_Global_Employee_Engagement.jsp)

The trends in employee engagement were identified by Aon Hewitt through analysis of survey data measuring the extent to which employees "Say-Stay-Strive:"

- Say: speak positively about the organization
- Stay: desire to be part of the organization
- Strive: exert extra effort for the organization.

The researchers determined that employee engagement is a lagging indicator of economic forces, so an increase in economic growth yields an increase in engagement scores; and employee engagement is a leading indicator of company performance, so 1 percent improvement in engagement predicts a 0.6 percent increase in sales growth one year later.

The 2013 trends indicate that, globally, 60 percent of employees are engaged. For North America, the engagement levels are slightly higher, with 63 percent of employees being "engaged" and 24 percent "highly engaged." Latin America has the highest engagement scores, with 74 percent of employees engaged and 33 percent highly engaged, but the authors note that, culturally, Latin American employees tend to give higher survey scores across the board.

Career opportunities continue to be the number-one driver of engagement in all regions, except Latin America. Pay has risen to be the third-ranked driver globally. In contrast, it did not appear as a top-five driver in 2012. The reasons for this change, as speculated in the report, are:

- 1 Pay freezes and reduced bonuses, since the recession is now becoming a real factor for employees.
- 2 The employment contract is changing: employees have less long-term loyalty and put a higher value on pay. Millennials, as a group, ranked pay as a top-five driver of engagement.
- ³ Pay, as a driver, is showing up more in growing regions, where the job market is competitive and pay is a key component of the value proposition in these regions.

Breevaart, Kimberley, Arnold Bakker, Jørn Hetland,
Evangelia Demerouti, Olav K. Olsen, and Roar Espevik,
"Daily Transactional and Transformational Leadership and Daily Employee Engagement," *Journal of Occupational and Organizational Psychology*, 87 no. 1, October 5, 2013

(http://onlinelibrary.wiley.com/doi/10.1111/joop.12041/abstract)

The study highlights the importance of daily leadership in followers' daily work engagement. Specifically, by influencing the daily work environment, leaders' transformational and transactional leadership behaviors influence work engagement.

Transactional leadership is that which motivates followers to do what is expected of them. *Transformational* leadership, which builds on transactional leadership outcomes, motivates followers to perform beyond what is expected of them. The study measured the effects of transformational and transactional leadership behaviors on the availability of followers' job resources (i.e., autonomy and social support) as a primary way in which leaders influence followers' work engagement.

Results showed that transformational leadership contributes to followers' work engagement on a daily basis by increasing autonomy and social support. To a lesser degree, leaders who used contingent reward (e.g., bonuses for a job well done) were also able to influence their followers' work engagement in a positive way.

Day-to-day leadership behaviors are important in followers' work engagement. This has implications on the need for leaders to (1) get feedback on their behaviors and the effect of those behaviors on followers and (2) use the positive effect of transformational leadership to their benefit (e.g., when followers' engagement is of high importance). Leaders have shown improvement in transformational leadership behaviors as a result of training; this is an important consideration for leaders who wish to increase their followers' engagement.

Church, Allan, "Engagement Is in the Eye of the Beholder," *OD Practitioner*, 45 no. 2, spring 2013, pp. 42–48

The author examines the similarities and differences between engagement levels and engagement drivers in high potential vs. non-high potential employees, based on two types of data—engagement research and talent planning data gathered from a multinational consumer products company. Contrary to popular belief, this research found no significant difference between high potential engagement and non-high potential engagement (79 versus 78 percent).

Although engagement levels were not different, the drivers of engagement did differ by talent pool:

- High potential engagement drivers are focused on company, management skills, and career, with 71 percent of the variance in engagement explained by the single item "My company is effectively managed and run well."
- Non-high potential engagement drivers center around career, followed by how well the company delivered on commitments and the growth of the organization. Nearly half of the variance in engagement scores is driven by the item "I feel this is a company where I can have a successful career."
- Career is a driver of engagement for both high potentials and non-high potentials, leading the author to suggest that career interventions should be available to both groups

CIPD (Chartered Institute of Personnel and Development), "Leading Culture Change: Employee Engagement and Public Service Transformation," October 2012

(www.cipd.co.uk/binaries/leading-culture-change-employeeengagement-and-public-service-transformation_2012.pdf)

This study explores the views of chief executives and HR directors to gauge how public-service leaders are striving to redesign the way public services are delivered, based on interviews with chief executives and HR directors in local organizations responsible for locally delivered public services. There were several key findings:

- Leadership is responsible for creating a strong strategic narrative of an organization that gives employees a clear understanding of how their work fits into the overall mission and purpose.
- The organizations interviewed were all working to change the way they managed their business through integrating services and focusing them on the customer experience; HR directors play a strategic role in minimizing redundancies and developing the employability of remaining staff during times of organizational/culture change.
- It is important to develop managers' skills so they can empower and engage frontline employees to work in new ways and so they accurately reflect the company's values and core purpose.

 Executives should pay attention to the voice and feedback of frontline employees so that they may contribute to the developing and delivering of innovative ways to provide public services.

Organization development (OD) skills appear to be playing a central role in delivering culture change and helping to embed values, such as openness, honesty, and humanity. HR is making extensive use of OD skills, through OD specialists or senior HR generalists, to deliver a range of services going beyond the traditional HR service function.

According to the research, if public services are to be more responsive to the needs of service users, organizations need to undergo a culture change in which leadership is distributed across the organization, allowing frontline employees to innovate and act with more autonomy.

Gallup, State of the Global Workplace: Employee Engagement Insights for Business Leaders Worldwide, 2013

(www.gallup.com/strategicconsulting/164735/state-global-workplace. aspx)

As part of its ongoing global study, Gallup found that only 13 percent of workers are engaged. The study includes data collected from more the 225,000 employees in 2011 and 2012. Gallup defines engagement as being "emotionally invested in and focused on creating value for their organizations every day."

Gallup continues to find strong relationships between employee engagement and performance outcomes. Work units with high engagement have higher customer ratings, profitability, productivity, and lower turnover, absenteeism, and safety incidents.

Engagement levels vary by location, with China registering among the lowest (6 percent engaged), and the United States among the highest (30 percent). The types of jobs available may explain some regional differences. Professional workers, who typically have higher levels of autonomy, also have higher average engagement scores. Gallup recommends that countries examine economic conditions and education policies to maximize the chances for high engagement. For example, in developed countries where college graduates face high unemployment, a trade or technical school may offer a better path to a job that will be engaging.

Harvard Business Review Analytic Services, *The Impact* of *Employee Engagement on Performance*, 2013

(www.achievers.com/resource/impact-employee-engagement-performance)

This article summarizes the findings from a Harvard Business Review Analytic Services survey of the importance of measuring engagement and linking results to business performance. A total of 568 respondents from across the globe—42 percent of whom represented companies with 10,000 or more employees—completed the survey.

The research found that while the majority of leaders agree that tying employee engagement to business performance is important, most find it challenging. Fewer than half said they are effectively measuring engagement against business performance.

However, organizations that see employee engagement as an extremely important business priority were also those organizations that are effectively using metrics that tie engagement to business performance. These respondents shared the following best practices around engagement practices:

- Avoid rote surveys: go beyond measuring satisfaction
- Use engagement survey results to inform business strategy and policies
- Ensure goal alignment occurs at every level of the organization
- Clearly communicate business objectives and strategy
- Use data to leverage engagement initiatives to improve performance
- Tie winning results to recognition programs—reinforce alignment and activities linked to performance

Although many organizations continue to struggle with effectively making the engagement-business performance link, those that are successful place a high priority on employee engagement strategies. Organizations wanting to better connect these critical dots should consider the strategies of those organizations placing a high priority on employee engagement.

Kronos, The Forgotten Workforce Survey: Give and Take—The Secret of a Productive and Engaged Workforce, 2013

(www.kronos.co.uk/showAbstract.aspx?id=23622321618&rr=1&sp=y& LangType=2057&ecid=ABEA-5W2GSQ)

This 2013 study of more than 2,500 participants assessed employee perceptions across several sectors: retail, hospitality, contract services, manufacturing, and other. Most participants held administrative (37 percent) or customer service/client-facing (36 percent) roles, compared to manual labor (16 percent) or factory work (11 percent), and most participants had permanent positions (92 percent) and were employed full-time (73 percent).

Key findings from this report include:

- The workforce is weary, reporting low/neutral satisfaction with the workplace (61 percent regarding pay, work variety, workload) compared to the job itself (21 percent).
- Employees perceived difficulty in employers managing their workforce (75 percent, regarding right people/right place/right time), meeting work demands with appropriate staffing levels (48 percent), and being responsive to staff requests for changes in workload or time (59 to 68 percent).
- Employee-suggested solutions to improve their work experience included improved flexibility in work hours (59 percent), greater work role variety (32 percent), and fair payment for work time (e.g., overtime, 24 percent). To achieve this, employees requested greater shared responsibility in the workplace with managers over staff work hours and tasks (53 percent). Employees are willing to meet management in this request by tracking their work hours and accepting (fairly paid) overtime.
- Modern-day business drivers of cost management and meeting a bottom line can undermine the fundamental business premise of people (i.e., an engaged and satisfied workforce) being the company's greatest asset. Including employee input into workplace practices and management can improve the workforce experience, but also the customer experience and overall productivity.

Lavigna, Robert J., *Engaging Government Employees: Motivate and Inspire Your People to Achieve Superior Performance* (New York: American Management Association, 2013)

This book focuses on the challenges of measuring and improving employee engagement in government organizations. The author argues that managing in the public sector is different than in the private sector and describes the implications these differences have for efforts to improve engagement. These differences include:

- An environment of broad-scale attacks on government and government employees
- Political leadership that can change frequently
- Hard-to-measure goals and impacts
- Strong civil-service rules and employee protections
- Limited financial tools and incentives to influence employee behavior
- Strong union influence
- Public visibility of government actions
- Different employee motivations (i.e., public-service motivation)

Engaging Government Employees also lays out a simple, but potentially powerful, model for public-sector organizations to ensure and improve engagement. The steps in the model are: (1) plan the survey, including how results will be used; (2) conduct the survey; (3) analyze results; (4) take action; and (5) re-survey and sustain engagement. At the center of the model is communication.

The author argues that there is no one-size-fits-all solution to improving engagement (specific solutions should be driven by employee survey data), but he provides examples of what public-sector organizations have done, based on employee survey results, to improve engagement. These examples include:

- Providing senior-level and enterprise-wide leadership
- Improving communication
- Enhancing leadership and management competencies, including building and maintaining engaged work units
- Improving the management of employee performance
- Implementing a structured and comprehensive new employee onboarding process

- Clarifying the line of sight between employees' work and agency mission
- Enhancing employee prospects for employee growth
- Recognizing employee contributions

Although the book focuses on the public sector, the engagement model and examples are highly relevant to nonprofit organizations as well as for-profit firms.

Partnership for Public Service, Ten Years of the Best Places to Work in the Federal Government® Rankings: How Six Federal Agencies Improved Employee Satisfaction and Commitment, December 2013

(http://bestplacestowork.org/BPTW/assets/BestPlacestoWork13_ CaseStudiesReport.pdf)

This report summarizes the lessons that the Partnership for Public Service has learned about how to improve employee satisfaction. The Partnership has produced the now-annual "Best Places to Work in the Federal Government" rankings since 2003. The 2013 rankings, which are based on three questions from a government-wide employee survey, included 371 federal government departments and subcomponents.

Ten Years highlights six agencies that have either consistently ranked high or improved dramatically during the 10 years of rankings. The featured agencies are the departments of State and Transportation, the National Aeronautics and Space Administration, the Nuclear Regulatory Commission, the Patent and Trademark Office, and the US Mint.

The Partnership staff reviewed the 10 years of "Best Places" data for each agency, interviewed agency officials to find out what they did to maintain or improve satisfaction, and also conducted focus groups with agency employees to assess their views on employee satisfaction.

In addition to spotlighting what each of these six has done to maintain and/or improve satisfaction, the report also summarizes and describes "strategies for success," or common themes that emerged from analyzing the successes of the six agencies:

- Own the charge
- Partner with unions
- Go for quick wins
- Develop shared values
- Build connections through communication
- Invest in employees

Although the report's focus is on employee satisfaction, the close linkage between satisfaction and engagement makes the descriptions and overall strategies for success worth considering for organizations striving to improve engagement.

Ray, Rebecca L., Brian Powers, and Peter Strathatos, *Employee Engagement: What Works Now?*, The Conference Board, Research Report 1504, December 2012

(www.conference-board.org/publications/publicationdetail. cfm?publicationid=2382)

Under the auspices of The Conference Board, a group of experienced practitioners formed a research working group to examine the state of engagement practices and to discover how companies find success. As part of the study, The Conference Board surveyed 209 of its members, senior human capital practitioners with direct control over and insight into engagement practices. Although representing mostly US-based companies, the study included members in 21 countries.

The overwhelming majority of companies have an engagement strategy in place, which has changed during the past three years, with the majority having the strategy in place for more than five years. They tend to measure more than just engagement and include leadership behaviors, organization culture, and job satisfaction. Less than 50 percent link employee engagement to performance and, most surprising, despite the articulated importance of employee engagement, less than 50 percent have dedicated resources to it.

The most common challenges are the lack of sponsorship, an employee engagement strategy disconnected from the corporate strategy, and ineffective internal communications. The most surprising discovery was that, despite an articulated importance of employee engagement, the function is understaffed, underutilized, and often disconnected from the organization's strategy.

Although there was no one comprehensive approach to employee engagement, there are common elements across all companies:

- Senior leadership sponsorship
- Action and follow-up are what matters, not the survey
- It is not an annual HR event, but part of ongoing business processes
- Engaged employees share a common belief in the purpose/mission of the company

Successful companies embed employee engagement in the company culture, consider it a critical success factor, and treat it as an important business issue. Ultimately, engagement is creating the link for employees to a higher order so that they understand "what I do matters."

Robertson, Ivan T., and Cary L. Cooper. "Full engagement: The integration of employee engagement and psychological well-being," *Leadership & Organization Development Journal*, 31 no. 4, 1980, pp. 324–336

(www.emeraldinsight.com/doi/abs/10.1108/01437731011043348)

This paper is an integrative research review of the separate concepts of employee psychological well-being and employee engagement toward the concept of "full engagement." Drawing from large-scale research supporting each of these two concepts and a small number of research studies where both well-being and engagement are measured, the researchers recommend that organizations combine measures and interventions targeting both concepts for higher performance.

Current definitions of employee engagement cover aspects of "Attachment, Commitment and Organisational Citizenship" and, as such, reflect a focus on "Narrow Engagement." In the area of psychological well-being, research has focused on "eudaimonic" (purpose-driven) and "hedonic" (positive feelings) as complimentary views of the construct. A "full engagement" concept would combine and place due emphasis on both well-being and engagement to afford individual and organization-level positive outcomes.

The authors specify work-related factors that influence engagement, well-being, or both and categorize applicable interventions in the areas of composition (i.e., the composition of people in the organization), development (training, coaching, feedback), and situational engineering (job and work redesign). A two-by-two template is suggested to target organizational action planning and interventions. The authors conclude by calling for more empirical research to understand the construct and measurement of full engagement by looking further at items and measures of well-being and engagement, separately and combined.

Sakmaneevongsa, Kessara, Steven W. Hatfield, and Aignarong Vathanakamsang, "Rising From the Tides: Enhancing Employee Engagement," Deloitte, 2011

(www.deloitte.com/assets/Dcom-Thailand/Local%20Assets/ Documents/Insights/2011%20Flood/Rising%20From%20the%20Tides_ Enhancing%20Employee%20Engagement_11211.pdf)

The authors craft a framework to help companies reengage their employees after a natural disaster.

Caught between the employees' basic needs of safety and familial responsibility and the organization's need to get back to profitability as quickly as possible, managers have to walk a delicate line. The report notes that companies worked swiftly to provide immediate support to employees, offered flexible work arrangements, financial hardship reimbursements, consolation, and created informal support groups, among others. However, the framework urges organizations to go farther: conducting a careful analysis of employee needs post-crisis as an important first step to developing an engagement strategy.

Suggested steps include:

- Increase leadership visibility
- Prepare and empower managers
- Drive the right behavior
- Retain critical talent
- Align critical talent

Fundamentally, the authors challenge readers to address short-term needs within the framework of employee engagement.

Schroeder-Saulnier, Deborah. "Employee Engagement: Leading the Way to an Engagement Culture," *Right Viewpoint,* Right Management, 2009

(www.right.com/thought-leadership/e-newsletter/leading-the-way-to-an-engagement-culture.pdf)

Right Management conducted an employee engagement study in 2008 that involved nearly 30,000 employees from across 15 countries. Respondents were asked to indicate their level of agreement with more than 90 statements related to organizational effectiveness, and responses were correlated with self-reported levels of engagement. Key findings include:

- The engaged employee expects more than material incentives. "I am committed to my organization's core values" was the statement that showed the highest overall correlation to engagement.
- Organizational reputation in the marketplace is important. The second-highest engagement driver was "Our customers think highly of our products and services."
- Employee empowerment is also important. The driver ranked third overall, "My opinions count," illustrates a focus on respect, regardless of position in an organization's hierarchy.
- In terms of the importance of core values, data showed that placing a high value on community engagement was important, as was embracing work-life balance and fostering employee well-being.

Sirota, David and Douglas A. Klein, *The Enthusiastic Employee: How Companies Profit by Giving Workers What They Want,* Second Edition (Upper Saddle River, New Jersey: Pearson Education, Inc., 2013)

The book links enthusiastic, or engaged, employees to improved organizational performance and analyzes the key factors of employee engagement. The work is a result of more than 42 years of research, surveying more than 13.6 million employees, covering 840 organizations representing all industry segments. The second edition adds to the strength of additional survey data and updates the analysis to include relevant new topics and issues in human capital management.

Companies and organizations with more enthusiastic employees demonstrate significantly higher levels of performance in key measures, including stock price, productivity, and quality. Enthusiastic employees have a consistent set of needs that are summarized in the Three Factor Theory model, which posits that, to be enthusiastic, employees need to feel that

- 1 they are being treated with equity,
- 2 their work leads to meaningful accomplishment, and
- 3 they experience a strong sense of camaraderie in the workplace.

The more that these needs are fulfilled, the greater the levels of engagement are.

Surprisingly, these fundamental employee needs have remained consistent throughout the 42-year history of the research. During this long period, economic conditions have fluctuated significantly, information technology has impacted society and the way we work, new theories of human capital management have been developed and others have been debunked, and workforce demographics have changed dramatically, yet these three core goals for the enthusiastic employee are constant.

Focusing organizational efforts on providing and enhancing the factors to create more enthusiastic employees is a serious and complex effort, and the book offers a wealth of research analysis and discussion and practical and enlightening examples of theoretical application in the real world.

Assessing a Culture of Engagement: A Guide

This brief guide is designed to help you assess an organization's culture of engagement. You can use this guide to focus your attention and capture feedback when observing your own organization or visiting other organizations. When assessing culture, it is often helpful to use yourself as instrument and allow your personal observations, thoughts, emotions, and intuitions to help provide a sense of the overt and covert dynamics that exist within an organization. To use this guide:

- Review these questions before you visit.
- During your visit, use your senses to see, hear, feel, read, and sense what is going on in each of the areas below.
- After your visit, capture what you observed. Don't feel the need to overanalyze.

Interactions

- How do people interact in this organization? Are interactions generally warm? Cold? Business focused? Impersonal?
- What do people talk about? Are conversations loud or soft? Animated or subdued?
- How were you treated during your visit?

Structure

- When you visit the physical plant/building, as a whole:
 - How is the physical building designed? What does it look like from the outside?
 - How is the internal décor? Any specific elements of lighting, furniture, temperature stand out?
- How is the workplace arranged? Are workstations open, or are desks and offices separated?
- Does the building have its own cafeteria? If so, what was the setting like? If you observed employees in the cafeteria, what was the mood like?
- Did you observe dedicated spaces to celebrate and/or build camaraderie?

Artifacts

- Does the office have any formal statements or philosophies displayed for everyone to see?
- Do employees follow a certain dress-code? Do they dress more casual or formal?
- Any other notable artifacts such as prominent pictures, statutes, mascots, or slogans used?
- In which workspace areas did you find branding (lobby, commons area, workspaces, and break rooms)?

Emotions

- How would you describe the emotional environment in the organization?
- How do you think employees would react to critical incidents/problems/stress?
- Are employees expressive or reserved?

Values

- Can you observe any patterns in behavior? Do employees seem to be guided by a particular belief or custom?
- Do employees seem to be competitive or work well together? What seems to make employees "tick"?

Intuitions

- Did anything about your experience make you feel a certain way?
- Did you leave thinking about anything in particular?

Overall Impressions

- What are the adjectives you would use to describe the culture?
- Which aspects of this organization's culture resonate with you most? Which resonate least?

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About This Report

This study is based on several major components: a survey of executives who lead engagement efforts at their organizations, a follow-up interview with those same executives, onsite visits to several organizations, organizational profiles, and a comprehensive literature review.

SELECTION

To be included in the study, an organization needed to have appeared on the current (at the time of selection in January 2014) or previous two lists of these six highly regarded rankings covering US federal, corporate (large, medium and small), and academic organizations:

- FORTUNE: Great Place to Work: 100 Best Companies to Work For (2014, 2013, 2012)
- FORTUNE: Great Place to Work: 50 Best Small & Medium Workplaces (2013, 2012, 2011)
- Achievers: 50 Most Engaged Workplaces (2013, 2012, 2011)
- Gallup: Great Workplace Award (2013, 2012, 2011)
- Partnership For Public Service: Best Places to Work in the Federal Government (2013, 2012, 2011)
- The Chronicle of Higher Education: Great Colleges to Work For (2013, 2012, 2011)

Research Fellows culled the pool of hundreds of organizations to those 80 from whom they believed they could learn the most. A personal email outreach was sent to executives at approximately 80 "highly engaged" organizations to request their participation. Twelve agreed to participate in the study, and all completed the survey.

SURVEY

The survey was built to elicit information about how these organizations create and sustain a culture of engagement; the survey design was built by the Research Fellows of The Engagement Institute[™], and then reviewed and administered by the survey professionals at Sirota.

INTERVIEWS

Executives at all 12 "highly engaged" organizations consented to a recorded follow-up interview, following an interview protocol designed by the Research Fellows in accordance with guidance from senior researchers. In most cases, interviews were conducted over the phone and lasted approximately 60 minutes.

PROFILES

The profiles in this report are based on information gathered from interviews with executives at the profiled organizations. The purpose was to gain insight into the structure and processes, best practices, and challenges of highly engaged organizations.

ANNOTATED BIBLIOGRAPHY

A comprehensive literature review was conducted to determine the spectrum of approaches and the impact of engagement programs, particularly among those organizations ranked as "best companies for engagement" or a similar designation. Sources included academic and business school publications, peer-reviewed journals, industry magazines, and consultancy publications.

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About the Authors

Rebecca Ray, PhD, serves as the Executive Vice President, Knowledge Organization, for The Conference Board. In this role, she has oversight of the research planning and dissemination process for all three practices areas (Corporate Leadership, Economics & Business Development, and Human Capital) and is responsible for the research agenda, which, in turn, drives much of the business planning process for The Conference Board. Ray is also the leader of the global human capital practice. Human capital research at The Conference Board focuses on human capital analytics, labor markets, workforce readiness, strategic workforce planning, talent management, diversity and inclusion, human resources, leadership development and employee engagement. She also oversees the Human Capital Exchange™, a website that offers research and insights from The Conference Board, human capital practitioners and our knowledge partners. Ray created the Senior Fellows program in human capital with some of the profession's most acclaimed leaders. She is the director of *The Engagement Institute*[™], a research community of practice she created with Deloitte Consulting and Sirota.

Ray was previously a senior executive responsible, at various times, for talent acquisition, organizational learning, training, management and leadership development, employee engagement, performance management, executive assessment, coaching, organizational development, and succession planning at several marguis companies. She taught at Oxford University and New York University and led a consulting practice for many years, offering leadership assessment and development services to Fortune 500 companies and top-tier professional services firms. She was named "Chief Learning Officer of the Year" by Chief Learning Officer magazine, and one of the "Top 100 People in Leadership Development" by Warren Bennis's Leadership Excellence magazine. Ray received her doctorate from New York University. She is the author of numerous articles and books, including her co-authored works, Measuring Leadership Development (McGraw-Hill) in 2012; Measuring the Success of Leadership Development: Case Studies (ATD) expected in 2014; and Measuring Employee Engagement (ATD), expected in 2015.

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Hyland is trained as coach and has helped various leaders translate their 360 results into personal development plans. He has a doctorate in social-organizational psychology from Teachers College at Columbia University, where he also served as an adjunct professor for 10 years. His dissertation research focused on dispositional sources of resistance to change and leadership practices that can be used to help change-resistant employees cope with change. Hyland received his bachelor of arts degree in English from the University of Pennsylvania.

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Dye is the lead executive sponsor for eminence initiatives with the firm, including sponsorships with the Partnership for Public Service's Best Places to Work[™] in Government and the Senior Executives Association, as well as leading the federal practice's Leadership Development Community of Practice. Prior to Deloitte, Dye worked at Booz Allen Hamilton and the US Office of Personnel Management.

Dye is a past president of the Personnel Testing Council of Metropolitan Washington (PTC-MW) and the International Personnel Assessment Council (IPAC), in which he led the development of the association's HR certification program. He holds a Top Secret security clearance and is certified as a human resource professional (IPMA-HR).

Dye received his doctorate from The George Washington University in industrial and organizational psychology. He has presented internationally, and he has published book chapters and articles in various professional journals, including *Public Personnel Management, Personality and Individual Differences,* and *International Journal of Selection and Assessment.* Joseph Kaplan has more than 20 years of human resources, organizational effectiveness, change management, training, and leadership development experience, with a track record of improving profit, revenue, quality, and employee engagement by increasing the performance and tenure of critical talent. As a leader of Deloitte's Employee Engagement Practice, he oversees the firm's participation in The Engagement Institute™, a consortium of organizations committed to furthering research and thinking about engagement issues. He also counsels organizations to shape their employee engagement strategies to effectively attract, retain, and continuously increase the discretionary effort of employees to facilitate effective strategic execution.

Kaplan has a bachelor of science degree and a master of arts degree in applied social (organizational) psychology from Loyola University, Chicago. Prior to joining Deloitte, he worked at consulting firms, such as Accenture, Gallup, and Novations, where he served in a variety of service delivery and leadership positions to help clients continuously improve the performance of their people, manage business/process transformations, and engage their employees and customers. Kaplan has consulted leading Fortune 500 to1000 companies across many industries, advising executives and leaders on employee engagement and related talent management issues. He has been published or quoted in a number of traditional and online publications regarding talent management issues, most recently on the topic of physician leadership development within the New England Journal of Medicine and Harvard Business Review (see http://images.nejm.org/ editorial/supplementary/2013/hbr15-wiesenthal.pdf).

Adam Pressman Joining Sirota in March 2012, Pressman is working to help expand Sirota's business and global presence. He has more than 15 years' experience in business development and leadership and organizational effectiveness consulting. Most recently, he worked with Heidrick & Struggles to provide executive assessment, leadership succession, and coaching services to large, multinational businesses. He is experienced across industries in areas such as individual assessment, management and high potential development programs, and leadership team effectiveness.

Prior to Heidrick & Struggles, Pressman worked with The Gallup Organization, where he helped create and build the firm's employee engagement practice. At Gallup, he advised many large, multinational organizations on issues related to improving employee and customer engagement, as well as talent selection and development, and led many firm-wide practice development and transformation efforts. For a three-year period, while based in Sydney, Australia, Pressman led Gallup's Asia-Pacific P&L for all the firm's services.

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Acknowledgments

The authors would like to recognize the significant contributions and superb dedication of Amanda Popiela and Jordan Stabley, research assistants at The Conference Board, as well as Anthony Caputo, Research and Development Assistant at Sirota, who all made an important contribution not only to the report, but also the first-year experience of our Research Fellows at The Engagement Institute™. Additionally, the efforts of Thomas Eskew and Emily Guerin were invaluable in bringing together the insights of this research project. A special thanks to Marta Rodin, senior editor; Peter Drubin, creative director and assistant director, publishing; Pam Seenaraine, production editor; Sheri Rothman, senior writer; and Susan Stewart, senior writer and editor at large, of The Conference Board Publishing department for their assistance in producing this report.

A special thanks to Brian Gareau, Senior Fellow, Human Capital, for The Conference Board, who has been critical to the success of The Engagement Institute[™]. His passion for, and wisdom about, employee engagement is matched only by his generosity of spirit and kindness.

The authors would like to acknowledge the critical contribution of the human capital executives who participated in this study and without whom this research project would not have been possible. Finally, we are grateful to the Research Fellows of The Engagement Institute[™], as well as the many members of the Deloitte, Sirota, and The Conference Board teams, for their support of this study, which we hope will advance the conversation on a critical issue for our profession.

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