

Pointofview



Build a Better Workplace Series: Engagement

Are Your Employees In A Relationship - With Your Customers?

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On the front line of your business, one relationship has a vital impact on your bottom line results: the exchange between your customers and your employees. Do you know the rules of engagement within this relationship and how you can improve the outcome? How do you measure the impact of unengaged employees on your valued customers?

We've all been there at one time or another. We enter a retail establishment, and scan the area for an associate that can assist us with our questions. If we are fortunate enough to find someone, it's rather disconcerting when our mere existence in the store is treated as a bothersome annoyance. It truly makes for a lousy, unwelcoming experience.

On the other hand, when that associate is friendly, attentive to our needs and informed on the product offering, that builds an experience that is differentiating, and indeed, enjoyable for the customer.

Consumers can sense when an employee is not happy or engaged, just as much as they can sense when an employee is a true brand enthusiast, or when they genuinely care about their experience. In fact, this is one of the most critical elements in the perception of the brand's performance. Interestingly enough, while business leaders place a lot of attention on keeping and retaining their clients and customers, employee engagement is one aspect of the process that often gets lost in the shuffle.

Think about it. Your employees are charged with being brand representatives. They are right there, face-to-face with the customer. The ad campaign or perhaps a recommendation might have brought the customer to your brand, but there is a defining moment in the customer-brand relationship, and that is the experience they have in the store, on the phone or through an electronic exchange. Failing to inspire employees may very well cost companies that precious connection with their customer.

Engaging Results

Employees are a fundamental part of any organization. Organizations often talk about identifying talent and managing churn. Recent research by the Canadian Management centre and Ipsos Reid has identified the value of looking at employee satisfaction as a set of factors more broadly related to engagement.

Alarming results were discovered in the level of engagement employees felt with their work and within their organization. A central finding from the study shows that little more than a quarter (27%) of employees are highly engaged with their employer and one in five are not engaged at all. Across Canada, employees in BC and Alberta lead our country with the highest proportion of highly engaged employees at 33%. But still, that means there are a lot of indifferent or disengaged employees across this country.

The Saratoga Institute estimated the cost of losing the average employee to be one times their annual salary. This means that a company with 300 employees, with an average employee salary of \$35,000, and a voluntary turnover rate of 15% a year is losing \$1,575,000 per year in turnover costs alone.

The Rules of Engagement?

Employee engagement is more than employee satisfaction. Engagement encompasses the employees' willingness to strive to be their best and the degree to which they are aligned with the goals of the organization. Employee capital is a powerful organizational asset if managed and engagement is an underlying component to a strong customer value chain.

The CMC/Ipsos Employee Engagement model outlines the four critical aspects of engagement (Satisfaction, Involvement, Alignment and Loyalty) and three areas where organizations can act to have the greatest impact (Communications, Direct Leadership and Senior Leaders).

While the cost of turnover illustrates the direct financial impact of an employee leaving an organization, it fails to demonstrate the broader, long-term consequences of those employees who are disengaged but stay with an organization.

Cause and Effect

Our Build a Better Workplace study reports that on average 23% of employees are not engaged and one-in-two are only moderately engaged, leaving just under a third (27%) to spark the organizations and engage customers. The moderately engaged segment represents untapped organizational potential.

Engaged employees are 2.5 times more likely to be satisfied with their job and motivated to excel at their job. But for those not engaged in their work, their lack of commitment manifests in a variety of ways: absenteeism, lower productivity, quality gaps, customer service, and morale...all of which hurt a brand's performance and a business' bottom line.



But what causes employees to disengage? The study uncovered seven factors* that cause employees to lose interest, unplug and disengage:

- The job wasn't what they expected
- A bad fit
- No feedback or coaching
- No career path or limited growth
- Feel devalued or unrecognized
- Feel overworked or stressed out
- Don't trust senior leadership

What we can see is that the factors that cause employees to unplug are often handed down within the organization from manager to employee, often by very well-meaning managers who were never taught how to manage people. These seven factors add up over time and lead to employees who disengage and leave, or even worse, employees who give up on change, disengage and stay! And that is something your customers pick up on.

*Branham, L. (2005). *The 7 Hidden Reasons Employees Leave*. New York, NY: AMACOM a division of American Management Centre.

Build a Better Workplace

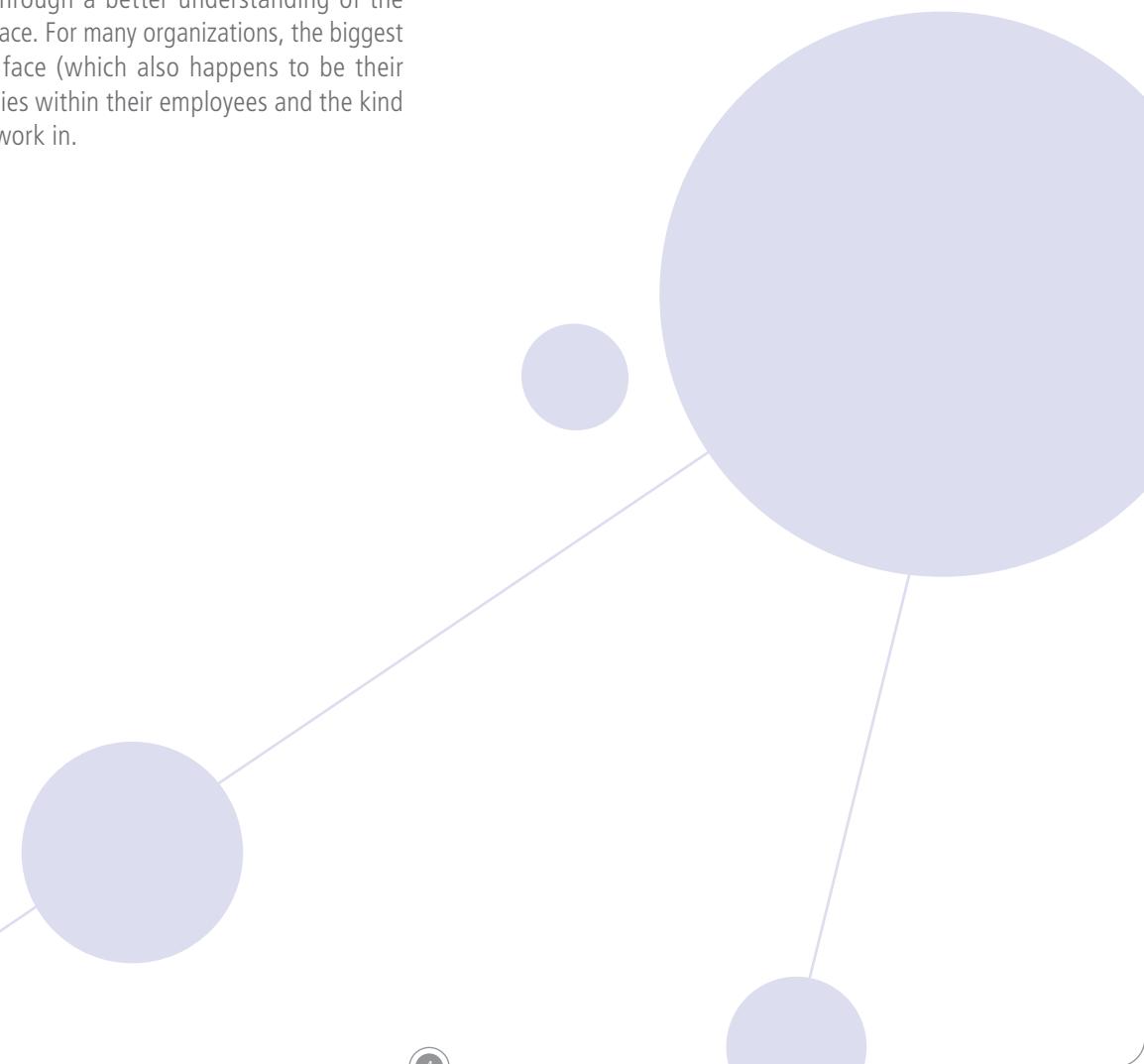
The results of the Build a Better Workplace research have enabled us to create a predictive model that simulates the impact of specific actions on employee engagement, helping organizations understand the combination of forces that drive engagement. The model combined with the "Build a Better Workplace" report is an effective toolkit that guides organizations on how to harness each aspect of engagement: Involvement, Alignment, Satisfaction and Loyalty and how to channel change through: Senior Leaders, Managers and Communications.

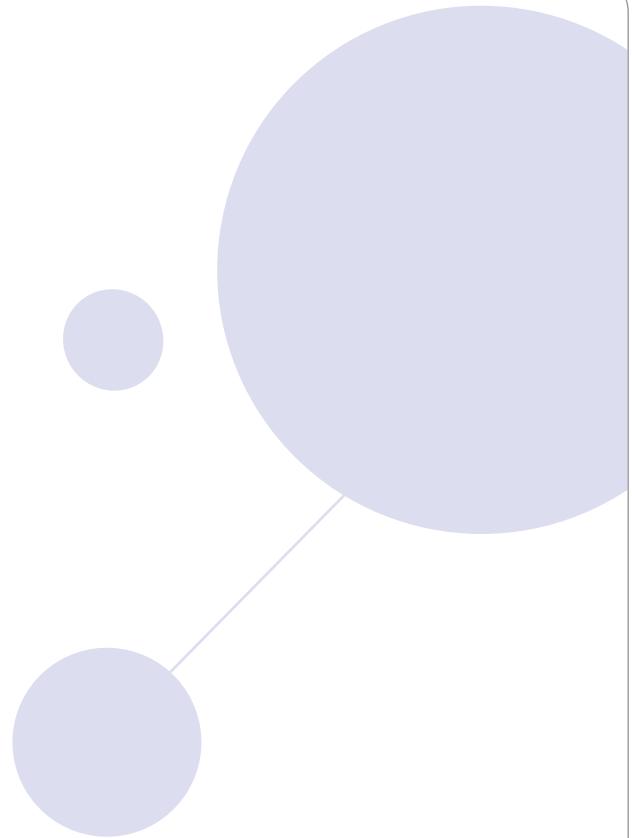
Organizations can now measure, manage and anticipate expected shifts in employee engagement. This allows you to focus on the 'right things' that will truly influence engagement in your organization and ultimately give your organization the edge in the marketplace with products and service.

At Ipsos, our aim is to help you grow your brand and your business through a better understanding of the challenges you face. For many organizations, the biggest challenge they face (which also happens to be their greatest asset) lies within their employees and the kind of culture they work in.

That's why we created the Build a Better Workplace study with the Canadian Management Centre. The most recent study was conducted in August 2012 and included interviews with 1,200 working Canadians from more than 500 companies (with more than 100 employees), across 25 diverse sectors. We also ran a parallel study to gather the perspective of almost 500 human resources professionals. The research looked at the level of engagement among employees and HR professionals, by industry sector, across generations, and by region.

For more information or to see a demonstration of this engagement model please contact Amy.Charles@ipsos.com





About Ipsos Loyalty

Ipsos Loyalty is the global leader in customer experience, satisfaction and loyalty research and consulting with over 1,000 dedicated professionals located in over 40 countries around the world. Our creative solutions build strong relationships which lead to better results for our clients. This has made us the trusted advisor to the world's leading businesses on all matters relating to measuring, modeling, and managing customer and employee relationships.

For further information contact your local Ipsos office, details at: www.ipsos.com/loyalty

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