The Financial Rewards of Employee Engagement

Better Relationships Bring Results

a fierce white paper
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SUMMARY

Employee engagement is the lifeblood of successful organizations. When employees are deeply connected to their organization, they share the vision of their employer and commit to achieving overall goals and objectives while often going above expectations.

Halley Bock, CEO of Fierce, Inc., describes engagement as a key leading indicator for forecasting gains and predicting results. “If you want to know how your organization will perform in a year,” said Bock, “measure employee engagement today.”

While the financial rewards of engagement are indisputable, many organizations continue to sacrifice long-term investments in employees for short-term financial gains.

Organizations that focus on growing their employees and helping them build strong relationships at all levels reap the rewards of an engaged and committed workforce. Yet development is frequently one of the first cuts made during times of economic strain.

This white paper provides concrete data on the financial rewards of employee engagement and details how to build organizational relationships, and ultimately increase engagement, by targeting, setting expectations and maintaining continuous support in three key areas:

CANDOR
COLLABORATION
TRUST

SUPPORT

CHALLENGE

When leaders focus exclusively on short-term financial wins, they put long-term investment in employee engagement and overall economic success at risk. If there is no incentive, perceived benefit or encouragement for strategic, long-term thinking, planners and leaders are likely to aim for quick wins, even if they are not in the best interest of the organization over time.
SOLUTIONS

Engagement hinges on relationships. The biggest indicator of engagement is the quality of relationships an employee has in the workplace—with direct managers, with co-workers and with the leadership team. The communication, connections and understanding that result from these relationships are also key drivers of engagement: Are job expectations understood? Is regular feedback being received? Do employees feel their opinions matter? Are advancement opportunities clear?

“Conversation = Relationship & Relationships = Culture”

Numerous, ongoing conversations are not simply what creates, builds or sustains a relationship; the conversation is the relationship. The inverse is true as well. Relationships are determined by conversations. “If I want relationships that are full of trust, I need to have honest conversations,” said Bock. “If I want a collaborative culture, I need to approach conversations wanting to learn more outside of my own knowledge base, not enter into conversations defending my position,” said Bock. “And if I expect candor in my business, I need to both speak the truth and be ready to hear the truth in my daily conversations.”

Organizations that invest in their employees, specifically in their ability to communicate well, surpass other organizations in engagement and retention. When communication skills are highly developed and **candor, collaboration and**
trust are part of the overall culture, effective conversations take place—whether the aim of conversations is to resolve conflict, coach others, build team strength and accountability or negotiate productively.

**Myopic Management Practices**

Evidence suggests managers may sacrifice overall business achievements, including the engagement level of their workforce, for quick wins.

A recent survey conducted by Duke University and the National Bureau of Economic Research showed most managers are willing to risk long-term negative consequences if it manages earnings and makes financial disclosures easier or more in line with predictions. Surprisingly, 78% admit to sacrificing long-term value in order to smooth earnings.¹

Increased turnover in the modern workforce may also be impacting long-term investments in people. If managers expect to stay with their organization, they are more willing to invest in undertakings that are costly in the short run yet maximize profits and positively impact the bottom line in the long run.² If turnover is high, leaders are more likely to expect their own tenure may be limited; therefore, they tend to focus on quick wins since they do not believe they will be around to reap the rewards of long-term planning.

**Emotional Intelligence Quotient (EQ)**

Enterprising organizations understand the importance of relationships, yet very few talk about how to build relationships. They undoubtedly expect employees to be able to read a P&L statement and know about market share; however, there are rarely concrete expectations about whether employees are able to conduct productive, healthy conversations that lead to real change. Frequently organizations are so focused on the IQ piece, they overlook EQ or emotional intelligence; even though, EQ creates companies that are more profitable and less at risk of losing institutional knowledge by having to replace staff.

Studies show companies with great work environments not only make more money, they are also more likely to be filled with highly engaged employees. In turn, highly committed employees perform 20% better and are 87% less likely to leave the organization than less committed coworkers.³


“MBA programs don’t usually teach candor. Executives don’t come out of the chutes ready to be candid. We’re taught to swim into the mainstream—not stick out.”

Halley Bock, Fierce, Inc.

“It’s not about being nice. It’s about being upfront, sincere, courageous, and honest,” said Bock. “We need to teach executives to be upfront and authentic, and to build a culture where people feel comfortable speaking up. When companies prioritize openness, they create a culture of candor that drives engagement and accountability.”

When organizations strive to create a culture of candor, they must be prepared to back their aspirations up through honest conversations.

Direct, authentic conversations not only ensure the right things are being talked about with the right people; they also impact the bottom line. “Companies rated by their employees as being in the top quartile in openness of communication delivered an average total shareholder return of 7.9% over a recent 10-year period, compared with 2.1% at companies in other quartiles,” according to a recent study by the Harvard Business Review. The Corporate Executive Board tracks seven key indicators in more than 130 companies worldwide, and “the one most strongly correlated with 10-year returns is employees’ comfort in speaking up, even when they have negative things to say.”

Candor also provides much needed transparency in two key areas: organizational strategies and individual development paths. When people understand organizational goals and their role in achieving them, engagement grows. When organizations are transparent about plans to develop employees, and employees have clearly defined paths for growth, progress occurs and retention increases.

Candor at the Organizational Level

Employees can be skeptical of corporate America and large organizations. “If leadership is straightforward and up front about decisions, people learn to trust,” said Kim Bohr, Senior Vice President of Client Development at Fierce, Inc. “Setting clear direction—explaining what you’re going to do and why, allows people to rise to the occasion. Skilled leaders let others know where the turns are and prepare employees by giving them the resources and tools they need to successfully navigate change.”

Kim Bohr, Fierce, Inc.

“If profits are sagging, it is sometimes counterintuitive to invest resources into employee development. But engagement level is one of the first things organizations should address.”

Halley Bock, Fierce, Inc.

Candor at the Individual Level

Development for development’s sake does not create engagement. Building relevant skills and having honest conversations about career goals and how to attain them does. Return on investment occurs when employees feel they have some control over their career path and have advocates committed to their growth.

“If profits are sagging, it is sometimes counterintuitive to invest resources into employee development. But engagement level is one of the first things organizations should address,” said Bock. “Rather than focusing exclusively on how to innovate the next product or recruit the latest talent, improve on what you already have—your own workforce. You don’t have to go outside to make a difference. These are tangible skills that can be taught.”

COLLABORATION

Collective Wisdom Is Greater Than The Sum of Its Parts

According to The Six Key Trends That Increase Employee Productivity and Engagement, almost all respondents (98%) believed exploring other points of view improved decisions, yet less than half (49%) felt their organizations encouraged them to do so.

Again, quick wins may be getting in the way of long-term investment. If organizations only see the value in speedy decisions and immediate results, they miss out on the benefit of diverse perspectives.

Collaboration does not need to be a lengthy process, but it needs to be an honest one. When seeking input and enlisting the help of others, consider the following questions:

- Are the right people in the room?
- Are team members able to express thoughts and emotions without fear of retaliation?
- Do team members feel safe questioning the opinions of others?
- Are team members prepared to respond openly, without being defensive, if questioned by others?
- Is the overall goal to describe different realities without laying blame?

Collaboration not only results in more knowledge-based and profitable decisions, it also strengthens relationships, builds alignment and engages champions and sponsors.
Knowing When to Let Go

Trust is essential to healthy work environments and is created through personal and organizational accountability, credible leadership and company-wide practices to treat others with respect and dignity.

“Trust is the belief that people will do what they say they’re going to do,” said Stacey Engle, Marketing Manager at Fierce, Inc. “Nobody shows up at work just wanting to be told what to do.”

In a recent survey titled Horrible Bosses, 80% of respondents who reported a healthy employee/supervisor relationship said the most important thing a boss can do to create a positive working relationship is to both solicit and value their input, “Employees want to be seen and heard; they want to make a difference,” said Engle.

Trust grows through effective delegation and development—when employees have earned the right to create their own paths to achieving goals. “Engagement does not thrive in an environment of micromanagement,” said Engle. “That reinforces lack of trust. When employees feel a sense of ownership, they’re engaged.”

SUPPORT

Providing employees with the skills necessary to build relationships and conduct productive conversations—whether they are teambuilding, coaching, delegation or confrontation conversations—is essential. Yet training is only the beginning. Learning occurs when development is supported at both the managerial and the organizational level.

Without a clear understanding of how new skills will benefit the individual, how they will be incorporated into the way things are done and how they are relevant to the day-to-day business, transfer of learning is unlikely.

Transfer of learning comes down to support, and support is an ongoing process. In the case of establishing strategic, long-term thinking, supportive steps are clear and continuous:

- Provide tools, roadmaps, and resources to prepare employees to achieve both short and long-term goals.
- Model behaviors that instill stated values (candor, collaboration and trust) and expectations. (Expectations are that employees will have the courage to speak the truth, diverse opinions will be sought out and people will be allowed to make a difference.)
• Conduct continual pulse checks to assess actual behaviors.
• Reward and compensate teams for long-term strategy and alignment.

Ongoing support instills learning and builds committed employees who are attached to their work, to their colleagues and to their organization.

CONCLUSION AND NEXT STEPS

Employee engagement is a proven requirement for organizations to reach their financial potential. Healthy relationships among employees at all levels drive engagement, which in turn impacts the bottom line.

Forward-thinking organizations build skills and provide continuous support in the three key areas necessary to strengthen organizational relationships:

- **CANDOR**
  To ensure employees are equipped and encouraged to speak the truth and accept honest insights from others.

- **COLLABORATION**
  To create an environment of intellectual curiosity where employees understand the value of soliciting differing opinions and enlisting the help of others.

- **TRUST**
  To provide work environments and model behaviors that encourage employees to accept responsibility for their own actions as well as trust in others to do what they do best.

The value of engagement is immense. Engaged employees achieve measurable results and realize financial goals. They also create a perpetual cycle of more engaged employees.

Visionary leaders understand quick wins may please shareholders for the short-term, but long-term investments in people maximize their rewards.
About Fierce

Fierce, Inc. is an award-winning leadership development and training company that drives results for business and education by developing conversation as a skill. Fierce creates authentic, energizing and rewarding connections with colleagues and customers through skillful conversations that lead to successful outcomes and measurable ROI. Tailored to any organization, Fierce principles and methods translate across the globe, ensure individual and collective success and develop skills that are practical, easy-to-learn and can be applied immediately. Fierce’s programs have been successfully implemented at blue-chip companies worldwide, including Ernst & Young, Starbucks, Wal-Mart, Coca-Cola, CARE and Crate & Barrel. Fierce has received numerous industry and business accolades. The company has twice been honored as an Inc. 500|5000 company, and in 2011 was named to TrainingIndustry.com’s Companies to Watch list and Seattle Business Magazine’s 100 Best Companies to Work For in Washington list.