Leverage the power of engaged employees...

In our previous newsletter we discussed the importance of employee engagement and noted that organizations lacking an engaged workforce are rarely able to implement sustainable improvement. Also noted was the fact that workforce engagement alone won't get the job done.

This issue identifies some of the additional right things on which leaders must focus (THE YEAST!) in order to leverage the power of engaged employees to achieve the highest levels of performance and success.

Bill Conway

Beyond Engagement — Adding the Yeast

by: Sheila Julien, Senior Associate

As described in our last newsletter, studies have consistently found a high positive correlation between employee engagement and financial performance. But correlation is not necessarily causation. And while employee engagement is a *necessary* ingredient for high performance, like flour to a cake, it is not enough. An engaged workforce can easily perform at or near average year after year. To raise an organization to high performance, something beyond engagement is required. As any baker knows, the dough won't rise until you add the yeast.

First a definition: a high performing organization is one that is continuously generating, systematically evaluating, and swiftly implementing new and better ideas about how to do the work and/or delight the customer. We all know the stand-outs — companies that operate leaner, innovate faster, inspire loyalty in their customers as well as employees, and are consistently profitable, even in a downturn. This newsletter focuses on three *additional* components that leadership must provide an engaged workforce in order to bring the organization to a new level of performance and competitive excellence.

Create a Forum

The most obvious yet often overlooked requirement for high performance is a forum for employees to share and discuss problems and ideas for improvement. Many in leadership positions believe that if someone has a really great idea for improvement, they would raise it. Yet when we talk to people close to the work, we often hear ideas they have carried around for months or even years but never found the right time or place to share.

What's more, when no forum for sharing improvement ideas is provided, people adapt to the way things are and stop noticing the waste and trying to think of better ways. People with three to six months of experience in their job often have the very best ideas for improving the work because after that, they have acclimated to the waste. Fitting in, in many organizations, requires getting comfortable with the status quo.

Different Forums Have Different Impacts

Some organizations use suggestion boxes, but the results are often disappointing. While a suggestion box requires little time or effort to initiate, its success relies on the ideas being completely and clearly expressed in writing, but many people with good ideas simply cannot do that well.

Furthermore, in its first manifestation, an idea may be unworkable and require further discussion

and development before it is transformed into a really great idea. Suggestion boxes do not offer an opportunity for clarifying questions, debate, and refinement of the idea as it was first conceived. When the initial ideas are not fully formed or expressed, and management doesn't have an opportunity for clarification, the ideas are harder to act on, and often, management loses interest. When people notice nothing comes of the suggestion box, they stop offering ideas.

A more effective forum is a regularly scheduled gathering of the work group to surface and discuss problems, waste, and opportunities for improvement. The forum should allow for discussion to make sure each idea or observation is fully understood. Problems with the idea should be raised freely and discussed with the goal of improving the idea. Often, the most effective improvements and innovations are quite different from both the initial idea and even the counter proposal. They emerge from listening to and incorporating different perspectives about barriers and unintended consequences to raise the concept to an entirely new level.

A forum can be a simple 15 minute gathering of a production crew Friday mornings, the gathering together of a department once a month or a facilitated meeting of a cross organizational process team every 6-12 weeks to review operational results and discuss ideas for improvement. If an organization does not *explicitly* create opportunities, or forums, for people to raise and discuss waste and other problems, the opportunities for improvement will almost certainly remain buried.

Increase People's Process Improvement Skills & Habits

Some people have a natural gift for systematic process improvement — but they are pretty rare. Nearly everyone needs to learn how to identify waste, how to use an improvement method and problem solving tools, as well as some 'lean' principles to be able to systematically improve processes and results. Of course, training is the quickest and most efficient way to make sure that everyone is introduced to the basic tools of process improvement.

But training is not enough; people must also be challenged to practice what they learn. For example, to encourage people to think quantitatively about problems, leadership must ask quantitative questions, such as:

- *"How often does the problem occur?"*
- *"Are the problems more frequent with certain types of transactions? Or just with certain customers? Or just with certain products? What does the data tell us?"*
- *"How much has the problem cost us this year?"*
- *"What are the trend lines like?"*
- *"How many steps are involved in this process and how much time do they take?"*

Training people how to gather and analyze data for problem solving has a very short half-life unless the leadership of the organization asks people quantitative questions. Unless the people who matter ask for the data, any training will be purely academic.

Training people to think quantitatively is a journey. When leadership starts asking quantitative questions, people usually will respond with a *guess* and a hope that it can be left at that. If management asks for the hard data, people will usually explain that the data are not available (usually true), but that the guess is really pretty solid (usually not so true). But if the leadership perseveres, people start to think of ways they can get at the data. Unfortunately, that is usually not quite the end of the struggle, because data that have long gone unused are often full of errors. But with a determination to make the data useable and used, the quality will rise.

With practice, people really do become better at working with data and quantifying the problems — a skill essential to many aspects of the improvement process: making good decisions about what is

most important to work on, fully understanding all the aspects of a problem, pinpointing the root cause, and evaluating the success of the solution.

In addition to becoming skilled with data, a high performing organization must also become comfortable working collaboratively on improvement. This means developing a willingness to surface problems in a way that does not provoke defensiveness in others. It also means we must be able to listen carefully to the objections and problems with our ideas that other people spot and raise, and using their observations to further improve our ideas. Through constructive conflict and collaboration, organizations can bring an idea to a whole new level. The most brilliant improvement work rarely comes from a single individual, or even from a compromise, but from active listening and shared invention among people who see different aspects of the process and problem.

Practice Full Circle Communication

Clear, consistent and full circle communication from the leadership team is a third component necessary to raise an engaged workforce to the level of a high performing workforce. It starts with communication of a compelling vision about where the organization wants to be, as well as facts and data about the distance the organization must cover and the plan to cover it.

At any given time, any part of an organization has any number of valid improvement opportunities they might pursue. Some of those ideas will help the greater organization move toward its vision, but many will not. Clear communication from leadership about the strategic plan for the organization can lead to more effective departmental decisions about where to focus improvement efforts.

We call it "full circle" communication, because after inspiring and leading the organization to focus on improvements that will achieve the vision, the leadership must also communicate and celebrate all the accomplishments along the way. Achievement is a powerful motivator, without which improvement efforts will fizzle out. Consequently organizations should not only move swiftly on implementation, but should communicate the success stories widely. The people involved should be personally thanked and their accomplishments celebrated with the rest of the organization. This is why communication from leadership is every bit as important at the *end* of each improvement effort as at the beginning. The conclusion of one effort is an opportunity to begin another focusing on the next step in the journey toward the vision. Without a sense of achievement and recognition, enthusiasm easily wanes.

Investing the time and energy to build a highly engaged workforce is, in many ways, its own reward. The environment is more pleasant, turnover costs are much lower, and customers are more happily served. But employee engagement also provides an invaluable foundation — the only foundation really — from which leadership can lift the organization to the next level of operational excellence to become a truly high performance organization. Making this next step helps fulfill the organization's full potential and simultaneously accelerates the business results that help sustain a highly engaged workforce.