Employees – Always the Primary Audience

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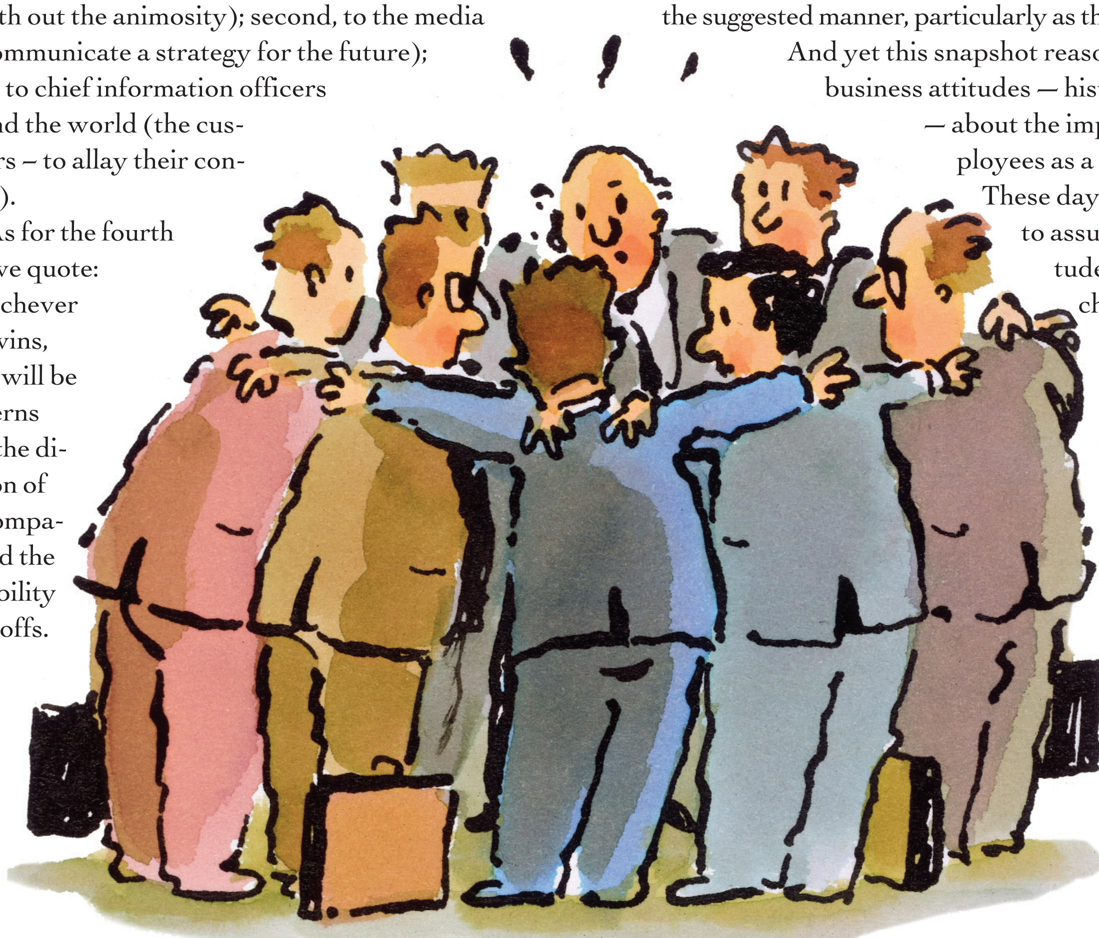
In the *Wall Street Journal*'s March 18, 2002, edition, staff reporter Kara Swisher offered advice to the winner of the pending proxy vote to approve the $20.6 billion Hewlett-Packard/Compaq merger.

She advised the victor (ultimately Hewlett-Packard CEO Carly Fiorina) to place the following phone calls, ranked from most important to least. First, to the loser (to smooth out the animosity); second, to the media (to communicate a strategy for the future); third, to chief information officers around the world (the customers – to allay their concerns).

As for the fourth call, we quote: "Whichever side wins, there will be concerns over the direction of the company and the possibility of layoffs. Thus, a call has to be made to employees [to] give them the confidence that things will be OK."



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Setting aside the apparent success of the merger, the advice itself was terribly shortsighted — especially for a company faced with not only merging two work forces but two competitive cultures. Any promises to losers, media or customers are difficult to deliver if employees are placated in the suggested manner, particularly as the culture evolves.

And yet this snapshot reasonably represents business attitudes — historical and current — about the importance of employees as a key constituency. These days, it's probably safe to assume that these attitudes in business aren't changing. Despite a few quarters of strong profits and cash flow, businesses are still hunkered down, focused on several pressure points.

Performance-driven everything. With relentless pressure for profitable results, companies are adopting performance-based environments and systems. Compensation and escalating health care costs are as pricey as compliance costs for operations. As a result, employees are more often considered assets on a balance sheet.

Fierce competition. Products, services, talent, investment capital — companies must constantly watch what everyone else is doing. The economy is still on tentative recovery, which makes the competitive landscape even more desperate.

Battered institutional trust, credibility and reputation. An indictment was brought in early July 2004 against former Enron Chairman Kenneth Lay — nearly three years after the company's first signs of collapse. Business improprieties of 2002 are still resonating today with shareholders and employees. Companies will continue to grapple with transparency and trust issues.

Access to misinformation. Chances are, nobody — including the company's employees — was waiting for the phone call from Hewlett-Packard leadership. In a mere 0.16 seconds, Google identifies about 7,850,000 Web links for "Hewlett-Packard." That, combined with endless print and electronic media, creates a level of noise that, if left unchallenged, can leave an impression (no matter how far off from reality) about a business that sticks.

Name one company that wouldn't like to see the following average increases across the board: 38 percent higher customer satisfaction; 22 percent gain in productivity; 27 percent profit growth. Posting increases like these would certainly go far in demonstrating performance, the ability to compete and the credibility of the company. But achieving these gains requires taking a hard look at the role of employees in the business mix — not as mere assets, but as a key constituency.

These figures are estimates from Gallup, based on its frequent survey of attitudes of the U.S. work force. Segmenting the work force into three categories, the survey shows numbers that haven't changed drastically in the past decade: 26 percent consider themselves actively "engaged," while 19 percent are actively "disengaged." Gallup argues that engaged employees are the main source of profit increases, while disengaged employees cost U.S. businesses a whopping $300 billion annually to retain.

This leaves 55 percent of the work force in the "fence sitter" category. If companies find ways to turn this group into engaged employees, the increases in customer satisfaction, productivity and growth will follow.

Other studies back up the Gallup theory. In 2001, the Center for Advanced Purchasing Studies identified the top 10 barriers to effective supply-chain management — six of which point to a perceived lack of employee engagement, including inadequate information sharing, resistance to change/lack of trust, lack of managerial commitment and no employee passion or empowerment. In March 2002, *CIO Magazine* listed CIOs' biggest barriers to effectiveness. Lack of skill retention, lack of time for strategic thinking, poor communication, disconnect with executive peers and difficulty proving value all hamper a CIO's ability to deliver the information strategy to help the business thrive. These barriers have everything to do with people, not technology.

In the end, what does all of this data mean? How does a company engage its employees without sacrificing focus on the business pressures at hand? And what exactly do engaged employees do differently from others?

The real value of an engaged work force can be summed up with four simple characteristics:

They stay. Retention, affiliation, recruiting, performance ratings, internal job moves and employee satisfaction are all strong indicators that the talent that matters most to the firm will stick around to help fuel its continued growth.

They perform. Company growth and productivity are indicative of high service levels, quality, speed, innovation and customer satisfaction.

They influence others. This is performance, plus they exemplify organizational achievement and momentum. They put forth the desired company face and leave a lasting favorable impression.

They recommend. Employees are often the first point of contact for prospective customers, partners, employees and investors. They contribute heavily to public opinion. An engaged work force speaks highly of the organization and helps others in times of potential crisis.

These are simple concepts to grasp. And yet their simplicity is often overshadowed by both dramatic and subtle changes, beyond health care cost increases and ethical concerns happening in the work environment. Economic and social forces will continue to demand a new outlook on engaging talent and labor.

A common argument in business is that employees have a sense of entitlement for their jobs and less of an appreciation for business pressures and necessities. This conventional divide is based on traditional ideas about business and employment. Today, however, industry sectors such as manufacturing, technology, professional services, government and consumer services will struggle with the drastic change in the definition and promise of employment.

Carole Kinsey Goman, Ph.D., a noted business consultant and change expert, says the role of leadership is fundamental. "Many experts and corporate leaders who study employee engagement feel this issue is related to entrenched corporate culture, but I disagree," Goman tells *The Strategist*. "Engagement is an issue directly related to leadership. In all organizations, even those with 'unenlightened' cultures, there are pockets of true engagement because of the presence of one manager, one team leader, one department head who truly understands how to inspire and motivate people."

In her current book, "This Isn't the Company I Joined: How to Lead in a Business Turned Upside Down," Goman writes that analysis shows worker motivation is really about the kind of support and encouragement that happens only when the boss understands and embraces employees at the human level. "Individuals must take responsibility for the engagement of all who report to them and stop waiting for the 'perfect corporate culture,'" Goman says.

From these observations emerge vital opportunities for organizational communication strategies and programs to bring the four characteristics of an engaged work force to life:

• **Turn employees' attention to the marketplace.** In his landmark book "Communicating for Change," Roger D'Aprix observes that the only way to rationalize change is to "turn all employees' eyes to the marketplace." Few businesses are free from market fluctuations. Rather than providing high-gloss generalizations of results, the best companies we know have an open, honest and ongoing dialogue with all employees to help build understanding of business forces and financial impact.

• **Emphasize value created through communication.** Ask people today to define good communication and it's not surprising that replies usually point to: a) the format — length, layout, venue, even use of color; or b) the access or method by which it was received. These are helpful from a quality aspect, but lend little, if any, direction to the impact it has on an individual or organizational performance. Jack Stack, president and CEO of SRC Holdings Corp., is noted for evangelizing the "open-book leadership" concept, in which his company literally opened its books to help employees understand business factors. This communication strategy — in partnership with aligned processes and organizational culture — resulted in increased productivity, higher quality and better service. Check out Southwest Airlines or FedEx today. Their communication programs permeate operational aspects of their businesses to drive the performance value of communication.

• **Constantly address what's in it for employees.** Employees are always asking, "What's in it for me?" Communication programs of smart organizations are flexible enough to make course corrections in a way that is logical and sensible to employees.

• **Build leadership communication competencies and capabilities.** Ask business leaders how much of their days are spent communicating, and they'll typically say 70 to 90 percent. Of this daily allotment, ask how much is spent planning for it, and the high-end answer is 10 to 20 percent. What we continue to find is that many leaders don't have a solid, planned approach to communication. Most leaders haven't been trained to apply general planning principles to communication: assessing, determining outcomes, developing strategies, implementing and evaluating. This is an opportunity for business communicators to help leaders learn to use such a process. At the end of the day, these leaders must effectively own the communication.

• **Make employees first.** Think about it. Whatever the organization produces, markets or sells, service comes from the collective contribution of employees. Employees can either propel the organization to new heights or run it into the ground. Find ways to communicate with this group first, by sharing information and listening. Then compare what is heard from employees with what is heard from customers. More often than not, insights and opportunities will surface. ■

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