



The engaged employee

How to keep your people
flourishing whatever the weather.

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mindgym

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Executive summary

The correlation between how employees feel and how a company performs is now beyond question.

Even more significantly, employee engagement is a strong predictor of future financial performance.⁵

And yet, for all the well intentioned corporate initiatives, employee engagement is getting worse: down by 9% overall and 25% among top performers.

Based on extensive research⁶, this white paper outlines what is going wrong and what we should do about it.

We have identified the five great distractions: what business leaders do that they think will increase engagement but actually makes it worse. From cascading employee survey results to grand gestures about employee benefits and conferences brimming with razzamatazz but with little follow-up, there is no shortage of investment. The shortfall is in the return.

To the question, 'what delivers results?' the answer is clear, if unexpected.

The single factor that has most impact on sustainable employee engagement is not, contrary to popular opinion, the line manager. Nor is it belief in the leadership, though both of these are significant.

Overwhelmingly, the single greatest influence on employee engagement is the lens employees use to look at the world overall, and their world of work in particular.

The good news is that these lenses can

Engaged employees:

- 01 Optimistic
- 02 Purposeful
- 03 Autonomous
- 04 Competent
- 05 Resilient

change. Pessimists can become more optimistic, people who feel powerless can increasingly gain control, and people who are aimless can become purposeful.

The answer lies in focusing on four core audiences so that:

- Individual employees choose to think differently about work.
- Immediate managers build trust and have energising performance conversations.
- Senior leaders build belief by painting a picture of the future and giving credible reasons to believe it is achievable.
- Colleagues make it an enjoyable place to work.

Not only will people come to work with a skip in their step but they will stay for longer, work harder, be more vociferous ambassadors and complain barely at all.

This is the way to have engaged employees whatever the corporate weather.

5 Harter J., Schmidt F., Killham E., Agrawal S. (2009) The relationship between engagement at work and organisational outcomes, Gallup Press.

6 Mind Gym has conducted a literature review of over 30 independent academic studies, consulted leading businesses including ASOS, Nomura, Pfizer, Richmond Housing Partnership, Logica, Grant Thornton, Diageo, National School of Government, Essex County Council, Reckitt Benckiser, Sky and drawn lessons from 10 years of work with 40% of FTSE 100.

Add up the three final boxes to give your total performance score (out of 72)

If you score 60 or above, your employee engagement is high and more importantly, sustainable. The further you are below 60, the more you can do to make your employee engagement sustainable.

Who needs to put in more effort?

If maths is not your forte, there is an online version of this reality check at: <http://www.themindgym.com/solutions/employee-engagement/reality-check/> that will calculate your scores for you. For those who are curious to know now, add up the weighted scores you got for each question:

Group		Questions	My total score on these questions (out of 9)	Add up each mindset total to get your total individual's score (out of 45)
Individual mindset	Optimistic	1, 2, 3		
	Purposeful	4, 5, 6		
	Competent	7, 8, 9		
	Autonomous	10, 11, 12		
	Resilient	13, 14, 15		
Manager impact		16, 17, 18		
Leader impact		19, 20, 21		
Colleague impact		22, 23, 24		

- The scores show to what extent the key groups are supporting sustained engagement in your organisation. The results do not compare how engaged each group is.
- If you score six or less in any area, getting this aspect right will be a key lever in reaching sustainable employee engagement, whatever the weather.

The rest of this paper will give you some ideas on how.

Business case

The storm clouds

Over the last 30 years the consumer market has changed dramatically and we are now all savvy shoppers.

What corporate leaders and HR professionals have yet to fully comprehend is that people are applying this same mindset of choice and value to how we shop for jobs.

Websites exist to help compare current or potential salary and benefits⁷. It won't be long before sophisticated job comparison sites pop up that help employees compare not only potential salary and benefits, but also organisational training spend, employee engagement scores, organisation potential, average length of tenure and so on. Confusedjobs.com?

As leaders and HR struggle to catch up with how savvy employees think, engagement is taking a turn for the worse. In 2010 the number of highly engaged employees in the UK fell by 10% to 32%⁸. However, this is good compared to the US where just 28% of employees are highly engaged in their jobs⁹. More worryingly, it is the high performers that are experiencing the greatest drop. In a separate study¹⁰, employee engagement was found to have fallen on average by 9% since 2009, but by 25% for top performers (figure 1).

Key insights:

- 01 Engagement at work has gone down since 2009.
- 02 The decline in engagement is greatest for many top performers.
- 03 Engagement has a significant impact on businesses; outcomes from sales and profitability to customer loyalty.

As a result, 12% of top-performing employees are seriously considering leaving their organisations and another 17% say they are uncertain about staying.

Given that the top third of performers deliver up to 82% more than the bottom third for their peer group (see figure 2)¹¹, this could prove extremely expensive.

The power has shifted from the patrician employer to the peripatetic employee.

A drop in engagement

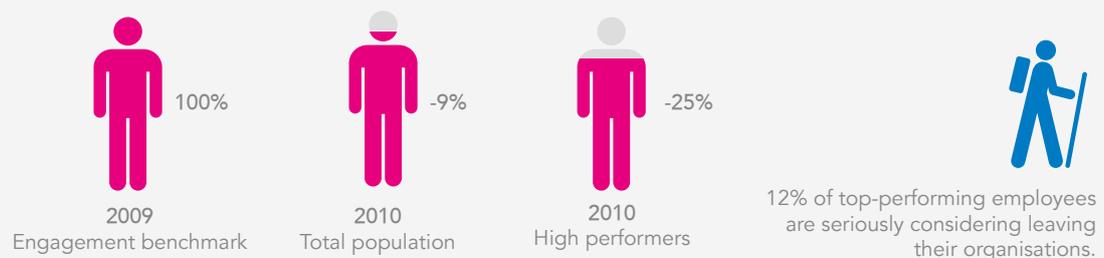


Figure 1. A recent drop in engagement, particularly for high performers.

7 www.payscale.com.

8 CBI & Harvey Nash (2010). *Employment Trends Survey*.

9 Rath, T. & Harter, J. (2010). *The Economics of Wellbeing*, Gallup Press.

10 Towers Watson (2010). *U.S. Strategic Rewards Survey*.

11 McKinsey (2000). *War of Talent Survey*.

The companies that will rise fastest out of the current downturn are those who know how to nurture their best people so they not only stay but flourish.

Which way the wind blows

The Government's extensive 2009 MacLeod¹² Report on enhancing performance through employee engagement found that organisations with highly engaged employees achieve 43% more revenue, 12% higher customer advocacy, 18% higher productivity and up to four times greater financial performance.

In the NHS, staff engagement is the best predictor of patient mortality rates, absenteeism, financial performance, quality of services and patient satisfaction¹³.

Results from leadership institute Roffey Park's Management Agenda Report 2011¹⁴ showed a marked fall in the number of line managers who agreed that HR adds value to the business, from 68% last year to 59%. Researchers said that HR's reputation

appeared to be 'significantly related' to engagement.

In 2009 Gallup conducted a meta-analysis¹⁵ of 199 research studies across 152 organisations in 44 industries and 26 countries covering 955,905 employees.

Business units scoring in the top quartile of employee engagement, compared to those in the bottom quartile enjoyed on average:

- 12% higher customer satisfaction
- 16% higher profitability
- 18% greater productivity
- 49% lower employee turnover
- 49% fewer safety incidents
- 37% lower absenteeism
- 60% fewer quality defects

The results were consistent across different organisations and industries.

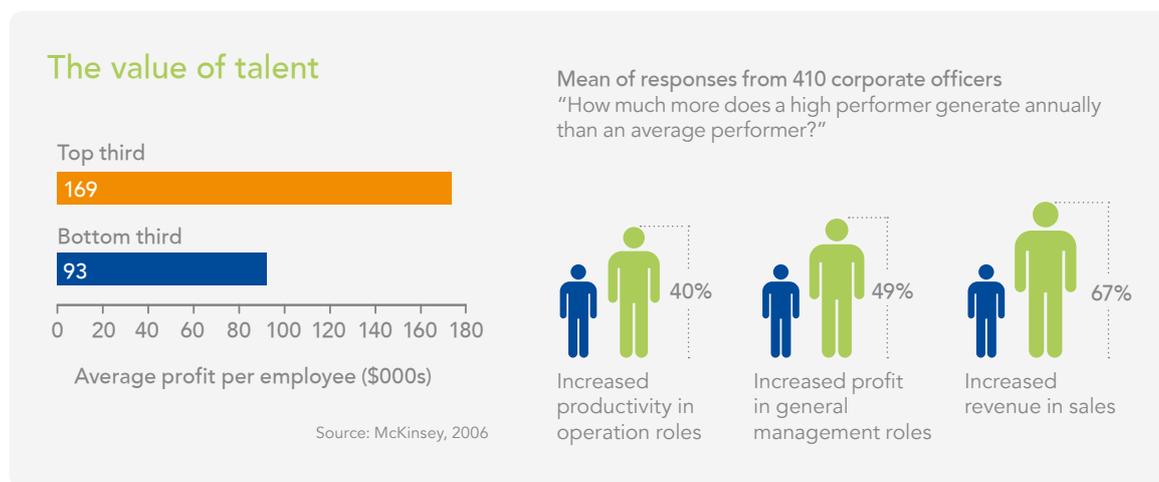


Figure 2. The value of talent.

12 MacLeod, D. & Clarke, N. (2009). *Engaging for success: enhancing performance through employee engagement*, Department for Business, Innovation and Skills.

13 Healthcare Commission (2009). *Sixth Annual National NHS staff survey 2008*.

14 Roffey Park (2011). *Management Agenda Report*.

15 Harter J., Schmidt F., Killham E. & Agrawal S. (2009). *The Relationship Between Engagement at Work and Organisational Outcomes*. Gallup Press.

This shows, beyond reasonable doubt, a strong correlation between engagement and key business metrics. However, it doesn't show what is a cause and what is an effect.

Since 1997, Gallup has regularly conducted large scale meta-analyses of the impact of employee engagement on key business metrics. Not only have they found a strong causal link between how employees feel and how a company performs, but also, even more valuably, that employee engagement is a strong predictor of future performance.

In particular, Gallup's meta-analyses consistently found that employee engagement predicts financial performance, safety record, customer satisfaction, employee retention, absenteeism, and merchandise shrinkage. And that these relationships also generalise across a wide range of situations (industries, business/work unit types and countries).

The business case for employee engagement is like the environmental case about man-made global warming. The facts clearly point in one direction. It's important, it's urgent and it's getting worse.

Case study: good pub guide



Employee engagement is a strong predictor of better food in restaurants and pubs (as well as more profit), according to analysis by the HR team at Mitchells & Butlers.

Mitchells & Butlers operate around 1,600 restaurants and pubs in the UK, with brand names such as Harvester, All Bar One, Browns and O'Neill's. Last year they recruited and trained over 14,000 people under the age of 21. In their retail sector, where turnover is high, wages are relatively low and the workforce can be very transient, they were very encouraged to discover that nearly 96% of their team members like the kind of work they do, 82% intend to be working for the company in 12 months' time and 82% would recommend Mitchells & Butlers as an employer.

By performing a multivariate regression analysis on the survey responses, they identified which aspects of engagement they should concentrate on improving in order to see an improvement in service speed, food quality and a guest's willingness to recommend the restaurant or pub.

There were findings that instinctively felt right such as a link with guest satisfaction and the question 'we use the guest feedback we get to improve food quality', but also some more interesting connections such as the relationship between guest satisfaction scores and the question 'I have had a formal job chat with my manager in the last six months'.

As a result, employee engagement is now seen as a 'must do' on the executive agenda.

Dulcie Shepherd, Head of Corporate HR said "Linking engagement to our own business metrics has required a lot of focus, but the effort has been well worth it. Most people in business know instinctively that the service-profit chain is the only way to run a truly sustainable retail business, but being able to prove exactly what engagement can do for the sales and cost lines of your business with real pound-note examples takes this to a different level - acting on the results and improving response rates becomes a far more urgent issue for everyone".

What exactly is 'employee engagement'?



There are almost as many definitions of employee engagement as there are employees. Most of them are pretty similar. Our favourite three, based on robust correlations with business outcomes and simplicity, are:

- 01 'The extent to which I feel that I can flourish here'. This is an everyman version of Organisation Based Self-Esteem, which is a robustly validated measure that has strong correlations with discretionary effort, retention and a host of other helpful outcomes¹⁶.
- 02 Organisational Citizenship Behaviour, which is about doing helpful things that aren't in my job description. This is what most senior business leaders think they want, and why not?¹⁷.
- 03 'The extent to which employees thrive at work, are committed to their employer and are motivated to do their best, for the benefit of themselves and the organisation'¹⁸. This 2010 definition from the world of positive psychology combines both of the above.

Our conclusion is that defining 'employee engagement' is great for academics but not a desperately good use of time for practitioners. A bit like 'love', we may not be able to agree what it is, but we know it when we feel it.



16 Xanthopoulou, D., Bakker, A.B., Demerouti, E. & Schaufeli, W.B. (2008). *Work engagement and financial returns: A diary study on the role of job and personal resources*. *Journal of Occupational and Organizational Psychology*.

17 Macey, W. H., & Schneider, B. (2008). *The meaning of employee engagement*. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 1, 3–30.

18 Stairs, M., & Galpin, M. (2010). *Positive engagement: From employee engagement to workplace happiness*. In Linley, P. A., Harrington, S., & Garcea, N. (Eds.), *Oxford handbook of positive psychology and work* (pp. 155-172). New York, NY US: Oxford University Press.

Five frequent flaws

Head in the clouds

Given that many business leaders have turned their attention to employee engagement in the last few years, it may seem surprising that engagement is falling rather than rising.

What are they doing so wrong?

Our research has identified the five most frequent flaws in the way businesses address employee engagement:

- 01 The survey takes over**
All the effort goes into collecting data and then cascading the results and asking again for what should be done, rather than taking prompt action to tackle the root cause. "Nothing's changed since the last survey" is an indicator that this is prevalent. As one prescient HR manager commented, "you don't fatten a pig by weighing it".
- 02 The debate is parent-child**
Leaders do a big 'mea culpa' and rush to respond to specific employee wishes. This promotes a culture of dependence that leads to ever increasing expectations (and disappointment).
- 03 A few grand gestures**
Rather than a thousand little changes. Big announcements about child care, free Starbucks, flexible benefits, a cutting-edge intranet site, but no action to address the tough stuff – the conversations, decisions and behaviour that shape our lives at work.
- 04 Easily distracted leaders**
The leadership start out enthusiastic and full of bold promises about how they will lead the change, but the momentum peters out when something more urgent, glamorous or susceptible to quick wins, comes along.

Key insights:

- 01** Much of what business leaders do to improve employee engagement actually makes it worse.
- 02** The focus needs to be on how individuals think about it.
- 03** Managers and leaders can have a significant influence but it is secondary.

05 Delegated to HR

The 'people' function is charged with fixing the engagement 'problem'. By themselves? No chance.

There are many organisations that have fallen for one or more of these as the remedy for their engagement failings. There isn't one organisation which claims it has fixed the problem.

The answer lies elsewhere.

When it comes to building sustainable employee engagement, only one person matters: the individual employee. How they choose to think about work will make more difference to employee engagement than everything else put together.

Company-wide answers to employee engagement have a half-life of weeks, at best; and though the manager has an important role, as quasi therapist or wise counsel, they are still only the sideshow.

The secret is personal effectiveness for the 21st century. Out goes time management and presentation skills. In its place comes helping people figure out what they want in their (working) life and how to think differently so they can get it. Changing the way individual employees choose to think about their working world will, above all, ensure that your employees flourish whatever the corporate weather.

A handful of insightful companies (Diageo, 3M, Mitchells & Butlers) have started to grasp this. For many it is as alien as giving employees access to email was a generation ago ('but they might use it for personal reasons').

To make it more digestible, consider four audiences, in order of importance:

- 01 **The individual themselves**
(All of us, in effect) and, in particular, how they/we choose to think. This is by far the most important and least addressed, hence the fall in overall levels of engagement.
- 02 **The immediate manager**
(Who can be at any level in the organisation) and how they choose to behave.
- 03 **The senior leader**
I.e. the person or people responsible for a function, division, country or whole company and, specifically, how she or he chooses to communicate.
- 04 **The colleague**
Which is, in effect, the same as 01.

In each case there are a few simple things that will make the biggest difference (see Figure 3), which we explore in the rest of this white paper.



Figure 3. The sustainable solution to employee engagement: individuals at the heart.

The individual

Singing in the rain

The research is unequivocal: two people can have exactly the same experience, whether they are on the factory line or in the boardroom, and feel entirely different.

The facts of the situation can have little or no bearing on what one person feels about the situation versus another. As Anais Nin observed, "Things are not as they are, they are as we see them".

Take work/life balance. You might imagine that of all the people in full-time employment in the UK, those who are happiest with their work/life balance work the shortest hours, or maybe an average amount of hours, or maybe, just maybe, the number of hours they work doesn't make any difference. But you'd be wrong (though if you went for the last option, you'd be closer).

The full-time workers in the UK who are happiest with their work/life balance are the people who work the longest hours. They are the self-employed.

Work/life balance is not about the external facts (hours at work) but about how we look at those hours (feeling in control, believing in what we're doing, etc.).

Further research¹⁹ (as demonstrated in figure 4) tells us that the most critical mindsets for individuals, in any type of work, to adopt in order to feel engaged are:

- Optimistic
- Purposeful
- Autonomous
- Competent
- Resilient

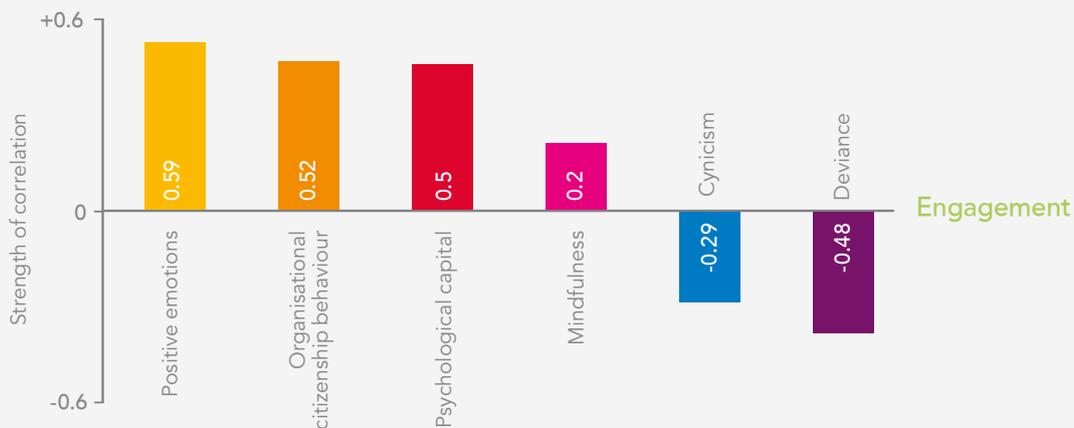
Key insights:

- 01 We choose how we think. People who choose to think in certain ways are far more likely to be engaged.
- 02 Our mental default settings are like our computer's default settings. They're easy to change when we know how.

These five are basic human needs that allow us to feel fulfilled and engaged in what we are doing, whatever the context. However, how we adopt these mindsets, and the relative importance of each, will be different in different countries (e.g. UK vs. Japan), organisations (e.g. public vs. private sector), jobs (e.g. call centre agent vs. CEO) and teams (e.g. self-managed vs. strict hierarchy).



Individuals' mindset vs. engagement



Definitions

Psychological capital is the personal resource an individual needs to flourish at work, which researchers have found to be a combination of optimism, self-efficacy (belief in one's competence) and resilience.

Indeed, Fred Luthans and colleagues have shown that psychological capital levels correlate with measures of job

performance, job satisfaction and employee engagement²⁰.

Organisational citizenship behaviour is about doing helpful things that aren't in your job description, e.g. attending optional organisational functions, helping colleagues and defending the organisation in the face of criticism.

Figure 4. Correlations between individuals' mindset and engagement.

20 Luthans, F., Youssef, C. M. & Avolio, B. J. (2007). *Psychological capital: Developing the human competitive edge*. New York, NY US: Oxford University Press.

Optimistic

If your sole concern was employee engagement you'd hire only optimists. Even better: optimists who really appreciate it when something good happens, are confident they can make things better, and get pleasure from a job well done.

Innocent is consistently voted one of the best places to work in the UK. It has plenty of engagement activities and the three founders/leaders are both authentic and inspirational (in their different ways). Equally, as Richard Reed, one of the founders explained, 'we recruit people who have 'yes' in their heart'.

The eminent psychologist Mihaly Csikszentmihalyi (pronounced chic-sent-mehi) devoted much of his life to identifying the circumstances in which we are most likely to find happiness. He discovered that we are most likely to be happy when we are in flow (or 'in the zone'), and that this occurs when we have a balance of challenge and skill. Contrary

to popular opinion, he found that no matter what we do we are three times more likely to find the conditions for flow (and so happiness) at work than in the rest of our lives. Try selling that. Encouraging people to find flow at work is exactly where we need to concentrate our engagement efforts.

Can you make the sun shine?

Are optimists born or made? Whilst many of us see our mindset as part of our identity ("I'm a realist"), in fact the way we look at things is far from fixed.

If we think we have some tough-to-change 'glass half empty' team members, it's unlikely that they'll be as disengaged as a group of depressed teenagers. Yet a 12 week programme was able to brighten the outlook of a group of adolescents with behavioural problems who suffered from depression (their conduct being a manifestation of depression)²¹. Half of them took part in a programme

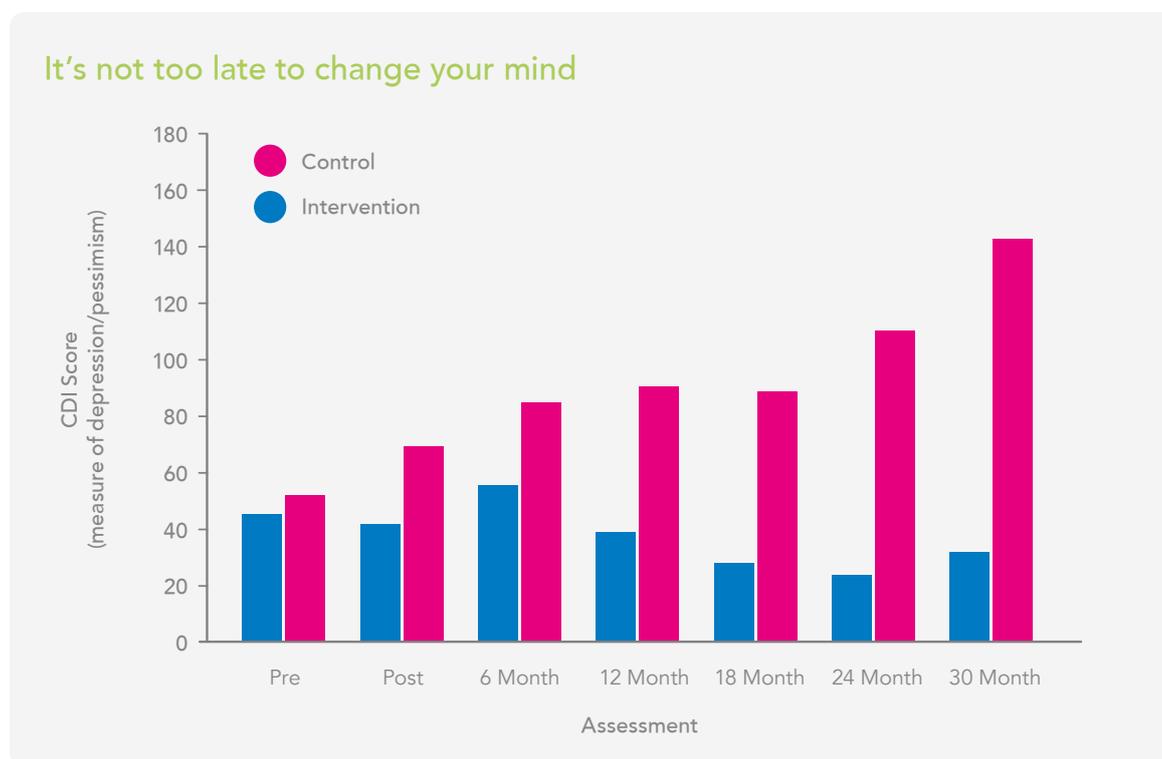


Figure 5. Showing that you can intervene to change a pessimistic mindset into a more optimistic one.

21 Cutuli, J. J., Chaplin, T. M., Gillham, J. E., Reivich, K. J. & Seligman, M. E. P. (2006). Preventing co-occurring depression symptoms in adolescents with conduct problems. The Penn Resilience Program. Annual New York Academy of Sciences, 1094. 282-286.

designed to turn pessimistic perceptions into optimistic ones. The other half were left as they were (the control group). The programme lasted for 12 weeks, with weekly training on how to dispute their pessimistic beliefs and turn them into optimistic explanations.

After one month there was already a significant difference between those who took part and the control group. However, it didn't stop once the programme was completed. The gap continued to increase over the following 30 months (figure 5), Those who had taken part in the programme became less depressed,

and those who had not, became significantly more depressed.

So how does this translate to the corporate world? In the 21st century, the manager's role does need to be as much that of an amateur psychologist as a creator of budgets or overseer of workflow. This involves coaching their teams to look at the world through a more positive lens and encouraging them to make small changes that will allow them to enjoy life (and work) more. But above all it is about managers inspiring their teams actively to choose how they view their work.

Be grateful, be happy



Psychologists Robert Emmons and Michael McCullough²² asked people to spend a few moments each week carrying out one of three writing tasks.

One group listed five things for which they were grateful, the second noted down five things that annoyed them, and the final group jotted down five events that had taken place during the previous week.

Everyone scribbled away, with the 'gratitude' group remarking on anything

from seeing the sunset on a summer day to the generosity of their friends, the 'annoyed' group listing taxes and their children arguing, and the 'events' group detailing making breakfast and driving to work.

The results were startling. Compared to those in either the 'annoyed' or 'events' groups, those expressing gratitude ended up significantly happier, much more optimistic about the future, physically healthier, and they even exercised more.



22 Emmons, R. A. & McCullough, M. E. (2003). *Counting blessings versus burdens: An experimental investigation of gratitude and subjective well-being in daily life*. *Journal of Personality and Social Psychology*, 84, 377-389.

Purposeful

In a revealing study, Amy Wrzesniewski (pronounced rez-nes-kee), a professor of business studies, broke down our perception of work into three main categories: job, career and calling.

01 A job

You do this for a pay cheque, you do not seek other rewards from it. It is just another means to an end. And, when the wage stops, you quit.

02 A career

This entails a deeper personal investment in work. You mark your achievements through money, but also through advancement. When the promotions stop, you look elsewhere for gratification.

03 A calling

This is when you have a passionate commitment to work for its own sake. Individuals with a calling see their work as contributing to the greater good. The

work is fulfilling in its own right without regard to money or advancement.

She studied 135 people in total from a range of occupations: physicians, nurses, administrators, pharmacists, health educators, librarians, supervisors, computer programmers and analysts, medical technicians, administrative assistants, and clerical employees.

The findings are liberating. Whatever the occupation or geography, the results were the same: there was an even split between those that saw their work as a job, a career or a calling. A hospital janitor was as likely to see their work as a calling (or job) as a surgeon. It didn't matter what people did, what mattered was how they thought about it.

And those that saw their work as a calling enjoyed significantly higher life and job satisfaction (see figure 6).²³

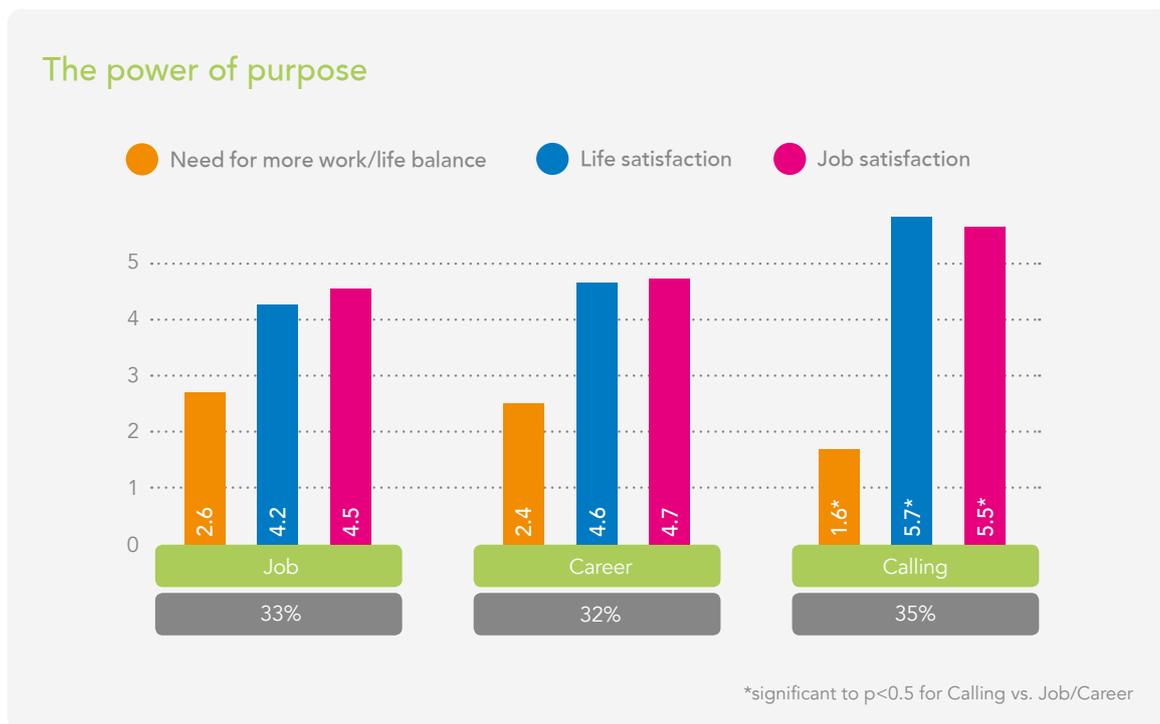


Figure 6. Impact on viewing your job as a calling and % of people who do so from a range of occupations.

Most studies into employee engagement take a quantitative approach. Whilst this allows us to identify causal links (see business case earlier), it doesn't help us explore how engagement occurs and what it is like to be engaged.

A recent pioneering qualitative study asked people from a range of industries who had identified themselves as being highly engaged how it felt to flourish at work.²⁴ 'Feeling valuable' was the most prevalent theme emerging from the interviews. People discussed feeling valuable in terms of making what they see as a significant contribution to something, being useful and being needed in their team, role and organisations. It's about being able to say 'what I'm doing matters to me, and someone or something, other than me'.

Can you give meaning to someone working in a call centre?

Daniel Pink, in his book 'Drive'²⁵ talks about a study led by Adam Grant of the University of Pennsylvania, who visited a call centre at a large American University where each night employees made phone calls to alumni to raise scholarship funds.

Grant divided the callers into three groups. Before hitting the phone, for a couple of days the first group read stories from previous employees about the benefits of working in the job – how they developed communication and sales skills that later helped them in their careers. The second group read stories from people who had received scholarships from the funds raised and described how the money had improved their lives. The third group read nothing.

A month later Grant measured the performance of the three groups. He found that the first and third group fared equally, and raised a similar amount of money as they had in the weeks before the experiment. However the people in the second group, who had taken a moment to consider the significance of their work and its effect on others' lives, raised more than twice as much money as their colleagues in the other two groups.

Generation why?



Today's graduates will have had 10 to 14 jobs by the time they're 38. Given that it takes 20 months for a new joiner to deliver 'average' value and three months to find a new job, many of them will start looking for a new role before they become competent in the current one.

There are four elements to getting a graduate up to speed faster and increasing the chances they'll stay: give them credit for what they're good at; accelerate their learning; equip them to manage their reputation with guile; and show how what they're doing matters, to their career, the business and the world at large.

To help graduates re-engage and find meaning at one investment bank, managers are encouraged to ask their graduates 12 months into their careers: 'what do you want from life? What do you value? How does this link to your current role? What can you do to evolve your job to fit this? Who do you need to have that conversation with?

Mind Gym's white paper on graduate induction will be launched in March 2012.

24 Rolfe, J. (2010) *What does it mean to flourish at work*, MSc Applied Positive Psychology Dissertation, University of East London.

25 Pink, D. (2010) *Drive: The Surprising Truth About What Motivates*, Canongate Books Ltd.

Autonomous

One of the most rigorously tested, evidence-based theories of well-being is 'self-determination theory'²⁶, which states that in order to have high psychological well-being there are three intrinsic needs that must be met; the need for autonomy, competence and connectedness (see Colleagues section).

But surely the level of autonomy you have depends on your job? Not so. Once again it is not the situation that affects our sense of autonomy, but how we see it.

A group of secretaries to the Partners at Ernst & Young protested that the nature of their job meant that they never felt autonomous. It was always the Partners' needs and desires that controlled their work. However, they had a go at listing all the things they could control (such as how they organised their workflow, how often they checked the Partner's email, the kind of relationship they had with the Partner). Having done the exercise they reported feeling much more autonomous and in control.

Autonomous individuals feel responsible for their own destiny and so take a proactive approach to their work and career.

Competent

Business consultant Peter Drucker argues that to flourish at work a person must consider how they can use their strengths and values to make the greatest contribution to the needs of the situation²⁷.

What's important here is not so much our actual level of competence, but our belief in what we can achieve. When we start to feel disengaged and incompetent, it's often not that our actual ability has got worse. What happens is that if someone makes us feel less competent (for example by micro-managing or delivering constructive feedback clumsily), we start to have this perception of our competence. And as our self-confidence drops, this becomes a self-fulfilling prophecy

as we start to perform to a lower standard – and then become even more disengaged. The good news is that if low competence is just a feeling, there are many ways we can boost it both for ourselves and for our team.

One example is from positive psychologist Chris Peterson, who has shown that one of the most effective ways to boost your positive emotions and confidence is to reflect daily on three things that have gone well and then, most importantly, what part you played in making these happen²⁸.

Resilient

Resilience is the ability to adapt well in the face of adversity.

Joshua Margolis from Harvard Business School has developed an approach called 'the resilience regime' to help us coach ourselves and others to bounce back from adversity²⁹. In essence, the resilience regime is about being mindful of our thinking and shifting out of the tendency to look back and analyse events. It's about forcing ourselves to look forward and take positive action. An important part of the approach is to encourage people to look for solutions collaboratively when they are experiencing setbacks.

In Daniel Gilbert's book, 'Stumbling on Happiness'³⁰, he shares the results of his research that humans are very poor at both predicting and remembering what makes us happy. His research shows that we also tend to assume we will stay unhappy for a lot longer than we do in practice, and that our happiness will last longer than it does in practice. In terms of how this knowledge can help us, Gilbert says, 'the fact that people overestimate the impact of almost every life event makes me a bit braver, and a bit more relaxed, because I know that whatever I'm worrying about now probably won't matter as much as I think it will'.

26 Deci, E. L., Connell, J. P. & Ryan, R. M. (1989). *Self-determination in a work organization*. Journal of Applied Psychology, 74(4), 580- 590.

27 Drucker, P. F. (2005). *Managing oneself*. Harvard Business Review, 83(1), 100-109.

28 Seligman, M. & Peterson, C. (2004). *Character Strengths and Virtues: A Handbook and Classification*. Oxford University Press, Inc.

29 Margolis, J. & Stoltz, P. (2010). *How to bounce back from adversity*, Harvard Business Review.

30 Gilbert, D. (2007). *Stumbling on Happiness*. Harper Perennial.



What to do with the prisoners?

The prisoners are those employees that are disengaged but stay at the company anyway as they feel their prospects on leaving could be even worse.

Initially, we need to show patience and empathy to these people – especially if external circumstances are making it tough for them fully to focus on their work. However, if nothing changes, it's time to use our dynamic performance conversation skills to help the individual either re-frame their current job so that it does energise them, or look for other opportunities that will.

Many companies find that a more detailed look at their engagement scores by length of tenure shows a U-shaped curve, with engagement dipping once people have been at the company for a while and a concentration of 'prisoners' at a certain tenure (this can range from 7 to 15 years, depending on the company).

This block of people can make it difficult to make change happen and allow space for talented newcomers to advance. One

accountancy firm affectionately referred to this group as 'the slab'.

For the past five years, Nokia has taken a bold stance to help deal with this issue. They observed that there was a large concentration of disengaged people who'd been at the company for about 15 years. So, having checked the maths, they introduced a scheme whereby at the 15-year point everyone was offered £15,000 to leave Nokia, if they wanted.

This avoided the dreaded 'redundancy' word – as everyone knew about the offer for months/years in advance – so it gave them the luxury of being able to make decisions without the pressure or stigma. And those that refused the offer had actively chosen to stay with Nokia, so their engagement shot up.

The other benefit of this scheme is that it can be withdrawn when 'the slab' has disappeared, as Nokia is planning to do on 01 April 2011 now that the scheme has achieved its objectives.





Immediate manager

Blame it on the weatherman

When TV weathermen forecast bad weather, the studios receive a significant increase in complaints from viewers about the presenters themselves.

As we've just explored, contrary to conventional wisdom, the blame (and solution) for low employee engagement should not rest solely with the manager. However, they do matter.

The Corporate Leadership Council³¹ surveyed more than 50,000 employees from 59 organisations, 30 countries, and 14 industries, and asked them to rate the effectiveness of 300 potential levers to drive employee engagement. They found that of the 50 most effective levers, 36 were line manager behaviours. (They didn't ask if being more optimistic, purposeful, etc would help).

The two things that managers do that make the most difference to their team's engagement are:

- Have energising, dynamic performance conversations.
- Build and sustain trust.

This finding was endorsed by the Institute for Employment Studies whose latest research³² aimed to identify how, in practice, engaging managers behave.

They interviewed 25 managers with exceptionally engaged teams from seven different organisations, together with their teams, and their own managers. The 'engaging 25' were nominated by their organisations because their teams had scored highly for engagement in the latest attitude survey.

Key insights:

- 01 The personalities of the most engaged managers vary enormously.
- 02 Dynamic performance conversations are critical for engagement.
- 03 Building trust as a manager involves not only keeping promises, but also ensuring appropriate boundaries and being sensitive to social and cultural cues.

They discovered that the engaging managers had a lot of characteristics in common, but personality was not one of them. Some were energetic extroverts, others were quiet, even shy. Some were intensely practical, while others were creative and innovative, or liked intellectual challenge. Most had been with their organisations for some time, but others were more recent recruits. Their behaviour towards their teams, however, was very consistent.

Dynamic performance management

Rob Cross of the University of Virginia³³ found that a positive response to the question, 'after you talk with your manager do you have more or less energy?' was a strong predictor of improved performance appraisal scores, promotion and feeling you have a network of creative, energetic individuals around you.

31 Corporate Leadership Council (2004), *Driving performance and retention through employee engagement: a quantitative analysis of effective engagement strategies*. Corporate Executive Board.

32 Robinson, D. & Hayday, S. (2009). *The Engaging Manager*, Institute for Employment Studies.

33 Cross, R. (2009). *Driving Results through Social Networks: How Top Organizations Leverage Networks for Performance and Growth*. Jossey-Bass.

34 Black, O. & Marshall-Lee, D. (2011). *Dynamic performance management: how to deliver more, with less, forever*, Industrial & Commercial Training, vol. 5.

What makes for a dynamic performance conversation is explored in more depth in a separate white paper by Mind Gym³⁴, in which we reveal the five factors that make the most difference to performance.

01 Stretching goals with frequent feedback

Productivity and engagement peak when employees have clear, measurable, stretching goals and, crucially, are told how they're doing against them at least once a fortnight.

02 Consistent differentiation

When everyone is treated the same, or when the assessment of performance depends more on who is providing it or the mood they're in, performance and engagement collapses. 'It ain't fair, and I'm out of here.'

03 Commercial coaching

The manager uses their expertise to help frame their team member's problem and, most importantly, to decide how to address it. Unhelpful analyses of what went wrong in the past are limited. Instead, the discussion focuses on what the ideal solution would look like and how to get there.

04 Job crafting

We're at our most productive when we're doing something that plays to our strengths and helps us towards our long term life and career aspirations. Job crafting refers to adapting roles and career paths to suit the individual rather than trying to change the individual to fit a generic set of competencies.

05 Employees take responsibility

To build sustainable performance management, everyone needs to take their share of responsibility. That's why it pays to sell in the personal benefits of great performance management to the individual. At Diageo, a large initiative was rolled on 'what makes a great coach'. However they soon realised that this needed to be swiftly followed by 'what makes a great coachee'.

To read this white paper visit:

<http://www.themindgym.com/solutions/performance-management/>

Can you trust the forecast?

Trust between managers and employees is the primary defining characteristic of the very best workplaces³⁵. But it isn't that simple. There are two types of trust³⁶ and usually only one of them gets the manager's attention.

'Sensible trust' is about doing what you said you'd do. In practice this means:

- Keeping your promises.
- Being clear on what you expect the outcomes to be, but allowing the individual freedom to decide how to get there.
- Openly sharing the information people need to do their jobs well.
- Avoiding 'job creep' – where engaged employees who do show discretionary effort end up having to do more and more³⁷.

Many managers build sensible trust pretty well and then wonder why their team's engagement scores are still not as high as they'd like. What managers don't realise is that keeping your promises is only one half of the bargain. Arguably even more powerful is the level of 'sensitive trust' that you build with each individual.

'Sensitive trust' is about attending to the emotional side of the relationship. This includes:

- Showing the right level of intimacy - not overly familiar, but not a distant automaton.
- Recognising and praising good work to build confidence.
- Allowing people the safety and support to innovate; not micro-managing them.
- Being that person's ambassador, defender and navigator in the organisation.

35 Great Place to Work Institute (2010). *Trust: The key to enhanced business performance and accelerated recovery*.

36 McAllister, D.J. (1995). *Affect- and cognition-based trust as foundations for interpersonal cooperation in organizations*. *Academy of Management Journal*, 38, 24–59.

37 Macey, W. H. & Schneider, B. (2008). *The meaning of employee engagement*. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 1, 3–30.



Case study: trust thrust

In 2006, the new CEO of 3M wanted to drive through the change whilst maintaining people's engagement and trust in senior management.

With approximately 75,000 employees in 35 divisions and sales in 200 countries, 3M's HR executives knew that building trust was essential.

As a result they adopted a four-pronged approach³⁸:

- 01 Training for supervisors on how to build trust and therefore engagement.
- 02 Encourage employees to get involved in the 3M environment and communities' programmes.
- 03 Ensure that compensation is seen as fair and equitable.
- 04 Stimulate innovation by dramatically opening channels of communication.

The opening of communication included monthly 'random lunches'. People volunteer and are assigned to random groups of four. The first person to sign up in the group decides the location and time, and individuals pay for their own lunch. There has been a high sign up rate as people have found them a fantastic way to get to know folk they wouldn't usually meet.

As a result of their four-pronged approach, employee engagement and trust in managers scores increased, and this fed through to improved business performance. According to a July 2010 report by Morningstar analyst, Adam Fleck, "3M continued to impress on the bottom line, boosting operating margins above already-solid first-quarter 2010 levels. To see the growth across almost all the businesses, where before it was patchy, speaks to the effectiveness of management's restructuring".

The Work Foundation found that to many employees their line manager is their employer³⁹, further emphasising the crucial role line managers have. But it's all too easy for great people management to go unrecognised.

Companies with high engagement make sure that their best people managers feel valued for their efforts. Cadburys, 2009 winner of the 'Best Places to Work', launched a 'Purple Hearts' award. This recognises great people managers based on the employee survey results.

Equally, there needs to be sanctions for people managers that have consistently low scores on the engagement of their teams. At one strategy consultancy, a project team leader's

bonus was limited to 30% (of a maximum 120%) if the team's engagement score was not above a certain limit – regardless of how profitable the account or how delighted the client. The managing partner justified this because, in his opinion, the future success of the consultancy depended on having an engaged pool of bright sparks who would stick around.

In a further white paper on 'The manager is back, but not as you know her', to be launched in June 2011⁴⁰, Mind Gym will explore in much greater depth the new role of the manager as motivator, performance coach, company ambassador, resilience builder and critical influencer in the campaign for employees' hearts and minds.

38 Schneider, B. & Paul, K. (2011). *In the Company We Trust*. HR Magazine.

39 The Work Foundation (2010), *Understanding the deal: Placing the employee at the heart of the employment relationship*.

40 At a day-long summit on 23 June we will, together, answer the question: what does a great manager do in the 21st century? Please email rebecca.wallace@themindgym.com if you'd like to be sent an invitation.

Senior leader

It'll be sunny tomorrow

Leadership moments are rare. Much of what tends to be called leadership is, in fact, management.

However, when those leadership moments do happen they have a disproportionate impact on the business and people's engagement.

The key is belief.

Employees at all levels need to believe the leader is taking them in the right direction and has a credible plan to get there. It's no good saying 'we want to double profits in the next three years' and leaving it at that. The leader needs to show why such an aspiration is credible (we have especially loyal clients in growing markets) as well as their unwavering commitment to the outcome.

Leading positive psychologist Charles Snyder found that hope or 'belief building' is made up of goal-directed thinking in which the person shows both will-power (determination) and 'way-power' (an idea of the practical steps needed to get there)⁴¹.

- A compelling corporate story includes:
- Why we do what we do – how society is better as a result.

Key insights:

- 01 Leaders build belief by showing will-power and way-power.
- 02 Leaders engage employees with compelling stories about where the company is going and how they are going to get there.
- 03 Leaders are more trusted when they're being themselves than when they slip into a presenter persona.

- Where we are heading and why this is the right place to go.
- How we're getting there.
- What it will be like when we've arrived.
- Reasons to believe we can make it.

When leaders say 'it will be sunnier tomorrow' this needs to be a lot more credible than the typical weather forecast.

Case study: from a spark to a flame

When the British Gas leadership team set about engaging 24,000 people, their primary focus was on knitting together a single, coherent narrative on where they were going and how they would get there. The old public sector giant was laid to rest and a picture was painted of the future of energy and the role British Gas would play at the heart of people's homes and businesses.



When the managers gathered, The Financial Times was left to roam and chat with whomever they chose. The reporter came to the following conclusion: "Almost every British Gas employee ...from the service manager or engineer to call centre worker or solar panel sales executive, seems just as enthusiastic and proud. It feels more like a start-up than a former state monopoly that was once a byword for poor customer service."⁴²

41 Snyder, C. R. & Lopez, S. J. (2007). *Positive psychology: The scientific and practical explorations of human strengths*. Thousand Oaks, CA, US: Sage Publications, Inc

42 The Financial Times, 7th October 2010.

Be yourself

What excellent public speakers do is be themselves (think Steve Jobs or Bill Gates).

When average public speakers get up to talk to a group they often slip into 'presenter mode'. They feel using this 'persona' will mean the presentation comes across more professional and credible. It doesn't.

Leaders at Legal & General went out in pairs and communicated their new strategy at mini-conferences. The team had a fairly consistent view on who amongst them were

the stronger communicators and who were the weaker ones. The feedback surprised them.

On the crucial question about belief, the second most trusted leader was the one whom the leadership team had previously thought of as the worst communicator. This was because Adrian, despite flustering with notes and fidgeting with his glasses, delivered his message with heart-rending authenticity.

The slicker leaders got more laughs but weren't believed.



Colleagues

Shooting the breeze

We are all influenced by the people around us, whether to buy a product, help a stranger, eat more (when we eat in groups we consume more than when we eat alone) or commit to our employer.

Studying the responses of 15 million individuals, Gallup found that people who have a 'best friend at work' are seven times more likely to be engaged. Social relationships at work have also been shown to boost employee retention, safety, work quality, and customer engagement.⁴³

The Corporate Leadership Council's research⁴⁴ showed that in 2009 'co-worker quality' and a 'collegiate environment' have risen dramatically in the rank order of importance for employees. For fast-growing video/TV streaming company Netflix, a high-performance culture is driven through having 'stunning colleagues'.

A comprehensive survey⁴⁵ of 1,367 full-time employees of large US companies (at least \$50 million in revenues) across a range of industries carried out in July 2008, found that to translate individual engagement to collective engagement, companies must generate a culture of trust and respect.

Positive psychologist Barbara Frederickson's 'broaden and build' theory shows that when people are in a positive environment, they become more creative in their actions, more resilient, more tolerant and more receptive to new ideas.⁴⁶

Zappos, the online shoe and clothing retailer grew from gross sales of less than \$2million

Key insights:

- 01 Getting on with colleagues leads to higher engagement.
- 02 We all have a role to play as we're all someone else's colleague.

to more than \$1billion under leadership of entrepreneur Tony Hsieh, whose recent book 'Delivering Happiness: a Path to Profits, Passion and Purpose'⁴⁷ topped The New York Times' bestsellers list. Hsieh shows how a corporate culture based on the science of happiness is a powerful model for achieving success and how, by concentrating on the happiness of those around you, you can dramatically increase your own.

We all have a role to play.

Individuals can decide whether to be friendly and welcoming. Do they introduce themselves to new joiners and show them around, without being asked? When someone organises a bowling trip do they sign up even though there are other ways they'd rather spend the evening?

The host of a party provides the food and drink, chooses the music and invites the guests. But whether or not it's a good party

43 Rath, T. & Harter, J. (2010). *The Economics of Wellbeing*. Gallup Press.

44 Corporate Leadership Council (2009). *Engagement drives performance*. Corporate Executive Board.

45 Craig, E. & Silverstone, Y. (2010). *Tapping the power of collective engagement*. *Strategic HR Review*, 9 (3), p.5-10.

46 Frederickson, B. (1998). *What good are positive emotions?* *Review of General Psychology*, 2, p. 300-319.

47 Hsieh, T. (2010). *Delivering Happiness: a Path to Profits, Passion and Purpose*. Business Plus.

is ultimately up to the people who come. If each individual makes an effort, everyone has a better time. It's the same at work.

Leaders and managers can create an environment in which people are more likely to make connections and build social networks (for example open plan offices, Google's many micro-kitchens). They can make it seem natural for people to socialise in and outside

work by doing it themselves and taking an interest in colleagues' lives. They can show in recruitment and promotions what kind of person is most valued.

By having a more consistent style of person, there is more likely to be a high level of social connection. There is clearly a tension to manage here between the benefits of diversity and those of collegiality.

Case study: tinkling on the ivories



FMCG giant Reckitt Benckiser (with best selling brands such as Vanish and Durex) wanted to improve the level of group engagement between departments following the relocation to their new offices in Slough. The marketing and sales teams were now separated by one floor, or 22 steps, but they rarely went to see each other and often relied on email or telephone communication.

At their bi-annual conference one of the sales leaders played a popular YouTube clip. It showed a flight of steps in the underground that had been transformed

into a giant piano – with each step sounding a note when someone trod on it. The clip shows the general public forgoing the escalators for once and happily jumping up and down the steps. The sales leader used the clip as a reminder that there are only 22 steps between sales and marketing, and that it is important to make work a happy and engaging place to be by building relationships between teams.

People often comment that they still think of the clip when deciding whether to email, call or walk up or down the 22 steps; and the steps now tend to win.

www.discoverrb.com

All weathers

Companies with high employee engagement scores tend to outperform their peers: their best people stay (and new ones join), people put in discretionary effort to make things work and employees are enthusiastic advocates of their employer.

Some companies are doing this extremely well already (Google, Diageo, 3M, Mitchells & Butlers, Netflix). Many others are frustrated that their efforts to increase employee engagement aren't yielding much.

The answer lies in focusing on the four core audiences, so that:

- Individual employees think differently about work.
- Immediate managers have energising, dynamic performance conversations and build trust.
- Senior leaders build belief by painting a picture of the future and giving credible reasons to believe it is achievable.
- Colleagues make it an enjoyable place to work.



Mind Gym's approach

Making the weather

Mind Gym has 10 years' experience of delivering sustainable increases in employee engagement. We have designed end-to-end solutions that addresses each of the frequent flaws of engagement interventions.

Driving retail business growth

Challenge

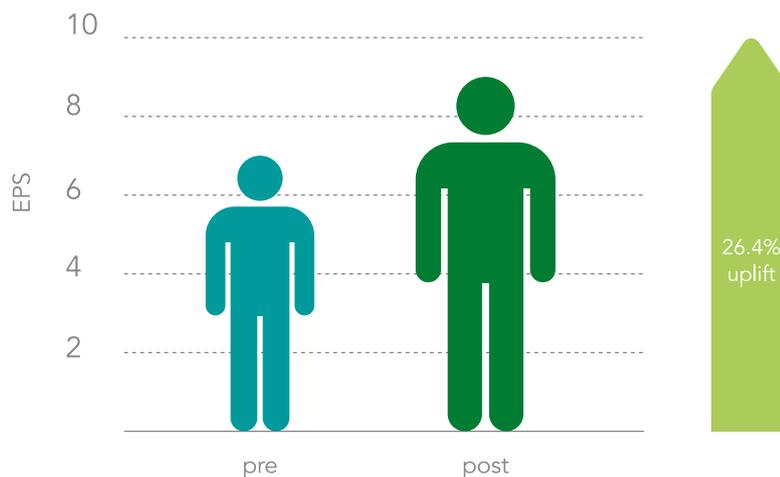
Help British Gas drive a new philosophy of communication across the business, which will engage all 28,000 employees about what British Gas stands for, where the organization is heading and their role in enabling its future.

Solution

- 01 A series of Interviews with British Gas's top 20 executives to gather stories and examples of where their strategy was already in action.
- 02 Sessions with senior influencers to develop the key messages that needed to be delivered across the business in order to achieve British Gas's strategic priorities.
- 03 A series of two-day 'Influencer camps', during which 250 key influencers from all levels in the business were trained to deliver sessions highlighting and bringing to life these key strategic messages.
- 04 A 'Managers' event' delivered to 3,000 people over the course of 10 days. Our 250 influencers helped managers to understand the organization's key messages as well as the behaviour change needed to make the strategy a reality.

Results

Engagement at British Gas was measured using Employee Promoter Score (a measure of how positive people feel about the business). For British Gas employees who knew nothing about the programme, there was a 26.4% increase in EPS.



+ 49%

The extent to which people agreed with the statement "I feel I have the opportunity each day to have my voice heard" increased by 49% from pre-event to post-event.

Super secretaries

Challenge

Secretarial staff at a major professional services firm had suffered under-investment, despite their importance for the company's success. Many felt over-challenged, under-developed and unmotivated, and the new chairman wanted to redress this balance before this problem starting having a detrimental impact on retention and the company's performance.

Solution

A series of workouts ran weekly, in two phases which aimed to re-energise and re-motivate this disenchanted staff group. The first phase focused on ensuring the secretaries felt positive about life and could manage their impact at work. The second phase targeted the specific skills needed for the secretarial role.

Feeling positive about life



Managing my impact at work



Results

Over 700 staff attended 45 workouts, which not only revealed practical new insights, but also gave everyone a hugely valued opportunity to network with peers.

"I will use what I have learnt."

90%

"I would recommend the workout to others."

92%

"I would describe the experience as very good or excellent."

86%



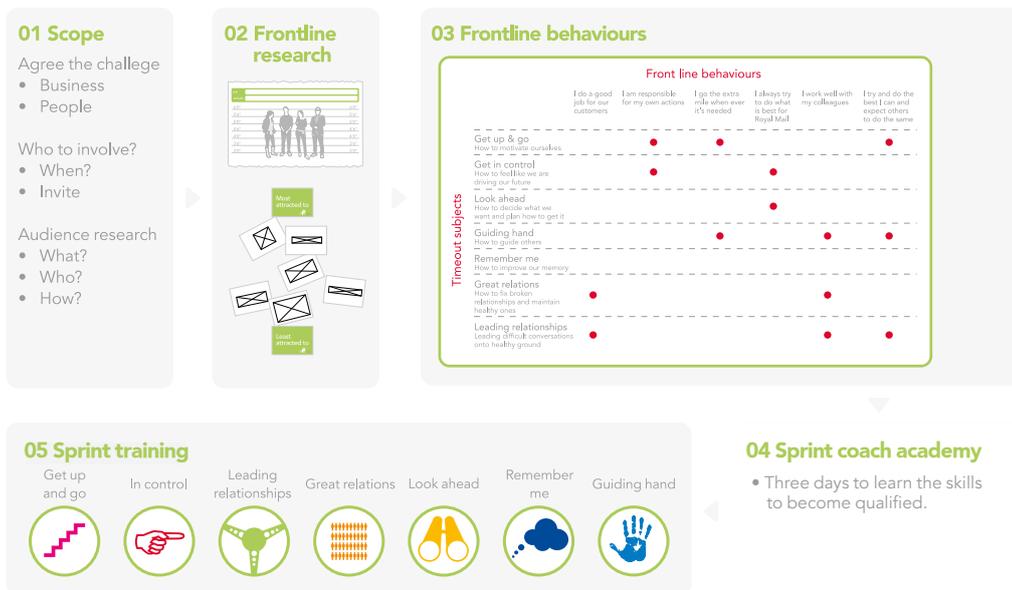
Frontline development

Challenge

A large UK distribution company needed to increase the number of internal applications from front line staff into supervisory positions. And then engage a cynical workforce to prepare for the transition to new ways of working.

Solution

A series of short, sharp sessions were delivered to the front line population, equipping them with the skills they needed to successfully ride the waves of change.



Results

Here's what people said 4 weeks after attending the sessions:

"I am confident in my ability to use what I learnt in the sprint(s)."

100%

"I have used what I learnt in the sprint(s) at home."

75%

"I have used what I learnt in the sprint(s) at work."

86%

"I feel that the sprint(s) have had a positive effect on my life."

78%



Me in a merger

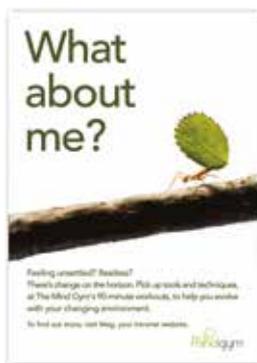
Challenge

The primary reason mergers fail is the reaction of the people involved. The HR team at a multinational information technology corporation wanted people to go into their imminent merger feeling positive about being part of the new, merged company.

The business needed to enter the new world on the front foot, with a renewed energy and determination after months of public debate about whether the merger would go ahead.

Solution

The business offered a single workout, Me me me, to every employee in the UK. The programme was supported by an internal marketing campaign under the banner 'What about me?'

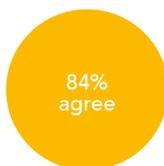


Results



In one month, over 800 people signed up and took part in the workout.

"I will apply what I have learnt."



1% disagree

"I would recommend it to others."



3% disagree

Comments from participants

- "Perfect for me at the current time."
- "Made me realise that I am the only one stopping me."
- "Just what I needed right now, many thanks."
- "It has given me hope to achieve what I really want to do."





Intrigued?

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