

Get Ready for the Employee-Engagement Revolution

If you work for a company in a senior management role, you have probably heard of the term “employee engagement” and may know that it refers to an employee’s willingness to go beyond the call of duty. I hope to convince you that employee engagement is a Big Deal for both the business community and for society in general. It also has the potential to redefine the role of managers from overseeing employees to something much sexier: “unleashing the creativity and passion of the workforce to create a mentally-healthier and more productive society.”

My suggestion in this article is to engage your employees using proven tools from the marketing and advertising professions. Marketing and advertising professionals are experts in human motivation, so why not pick their brains to learn how to motivate your employees. We will start this knowledge-transfer process by redefining how we think about our employees. From now on we will refer to them as our “internal customers.” This term gives employees the status and respect they rightfully deserve. After all, you will not have any external customers unless your internal customers are motivated to develop superior products and services delivered with a smile.

We will explore the needs of our internal customers using standard marketing tools like surveys and focus groups. We will then develop a product; the workplace environment; that satisfies these needs. The end result will be an “employer brand” that will make you the envy of your industry. Your brand will act like a magnet to attract and retain top talent!

Before we explore this technology-transfer further, let’s first understand what employee engagement is and why it’s important in business.

Historical Context for Understanding Employee Engagement

Corporations have finally realized that motivated employees are a strategic necessity in a hyper-competitive, fast-paced global marketplace. Companies that fail to get the best from each and every employee will not survive for long in the 21st century maelstrom. The era of ponderous, machine-like workplaces that coerce grudging compliance is over.

There are good reasons why corporations defaulted to using money and fear to motivate employees for the past 100 years -- that method is easy and it works, to a point. The money-

and-fear approach allowed management to sidestep the murky and complex subject of human motivation. The employment bargain was like a cold, rational transaction between impersonal trading partners; you pay me money, and in return, I will complete my assigned tasks, but not once iota more. I don't care about you and you don't care about me, so I won't lift a finger outside of my official areas of responsibility. Notice that the traditional approach to motivation does not pay attention to the needs of the internal customer and hence creates a negative brand image. This, in a nutshell, is why modern corporations contain legions of disengaged, unsatisfied internal-customers who drag down quality, productivity and profits.

Employee-engagement surveys, pioneered by the Gallup Organization and others, have turned the trading-partner mentality upside down. Gallup researchers revealed that dispassionate workplaces are dysfunctional because only 30 percent of employees care about their work. Gallup economists calculated that this failure to engage squanders over 300 billion dollars in lost productivity annually in the United States alone and more than a trillion dollars if indirect costs are factored in.

Gallup discovered that the best-performing companies do not adhere to the impersonal trading-partner approach and are populated, instead, with dedicated employees who deeply care about their companies and coworkers and who routinely go beyond the call of duty for their workplace tribes. These companies treat employees like partners and allies and trust employees to innovate and make important decisions.

One thing the Gallup Organization lacks is a compelling scientific theory to explain how employee engagement works, deep, deep down. This is where I come in. I've spent the last 35 years developing a simpler and more powerful way to think about human motivation.

In my book, "Primal Management: Unraveling the Secrets of Human Nature to Drive High Performance," I break employee motivation into five component parts:

1. A need to experiment and innovate and experience Eureka moments at work (innovation drive);
2. A need to develop mastery and feel like a competent expert (competency drive),
3. A need to achieve goals and experience the euphoria of a win (achievement drive),

4. A need to be part of a tightly-knit group and experience warm friendly feelings in the workplace (cooperation drive), and
5. A need to feel safe and secure (self-protection drive).

Workplaces that satisfy these five basic needs tap into the passion and creativity of their employees. It's as simple as that. In *Primal Management* I show where these drives reside in the brain, which neurotransmitters regulate them and how managers can press these five motivational "hot-buttons" to hit the high-productivity sweet-spot inherent within our psychological makeup.

I also developed a simple, intuitive software tool to track and improve employee engagement. This tool is called *The Horsepower System*.TM

I am a scientist by training, so I tend to gravitate to a scientific explanation of human motivation. This, I discovered, was a gigantic mistake. Not everyone speaks "Science" so they roll their eyes when I launch into my explanation.

I eventually wised-up and learned to speak a variety of other languages to explain the benefits of a more nuanced and sophisticated approach to human motivation. I can now explain it in finance-speak, accounting-speak, engineering-speak, economist-speak, marketing-speak, HR-speak, healthcare-speak, insurance speak, and strategy-speak. My explanation thus far has mainly used strategy-speak with a sprinkling of "science speak." I will shift gears in the next section and use the language of marketing and the language of economics to explain the importance of triggering motivating feelings in the workplace.

Internal Marketing

Marketing professionals know something most executives, HR professionals and managers don't, feelings and emotions matter in business. Marketers learn in business school that the buying decision is 80% emotional and 20% rational. Guess what, an employee's decision to work hard or to quit and find a new job is also 80% emotional.

Marketers and advertising executives are more emotionally-attuned because they must strum at the strings of emotions in order to sell their goods and services. For example, they know that

cuddly cartoon characters (Fruit Loops), prancing horses (Budweiser) and Sports celebrities (Hanes underwear) are more effective sales vehicles than a boring recitation of the product's features and benefits. These characters, horses and celebrities work their magic by tricking the brain into associating good feelings with otherwise unspectacular products.

Many managers believe that they are supposed to be cold and analytical task-masters at work and leave their warmth, passion and humanity at home. This mindset, I will argue, is harmful and outdated because it stifles the motivational engine that drives high-achieving companies. If marketers can strum at the strings of emotion, and have fun doing it, then so can we.

The entire capitalist system, I will argue, runs on the back-and-forth transfer of rewarding feelings; I provide a product or service that makes you feel good (satisfies your needs, or makes your life easier and more successful) and you pay me for it. I then take your money and purchase something that makes me feel good. Money is just a token for temporarily-frozen feelings. These tokens are only valuable because they can be “defrosted” and converted back into a variety of emotionally satisfying goods and services: like a hot new car, an exotic vacation, or night out with our honey.

Traditional economists use the term “economic utility” to describe the rational benefits consumers receive from their purchases. The booming new field of neuroeconomics has demonstrated that these benefits are not rational after all; they are feeling-based. Their research has revealed that all forms of value, monetary or otherwise, are turned into rewarding feelings by a brain structure called the striatum, the brain's master reward center. It doesn't matter if that reward is money, a tasty meal or a pat on the back from the boss.

If I placed an electrode in your striatum, it would detect neuronal firing if I gave you 10 dollars. If I gave you 20 dollars, the firing rate would double as well. If I play your favorite music, or compliment your children, it would fire again. If we could somehow shut off the striatum, zero work would be accomplished because there would be no reward in it anymore. The rational mind, without emotional rewards, does the logical thing—absolutely nothing.

Feelings are important in business because they lie at the core of capitalist system, the core of economic utility, the core of employee engagement, the core of customer satisfaction, and the core of your brand impression, so ignore them at your peril! Truth be told, rewarding and

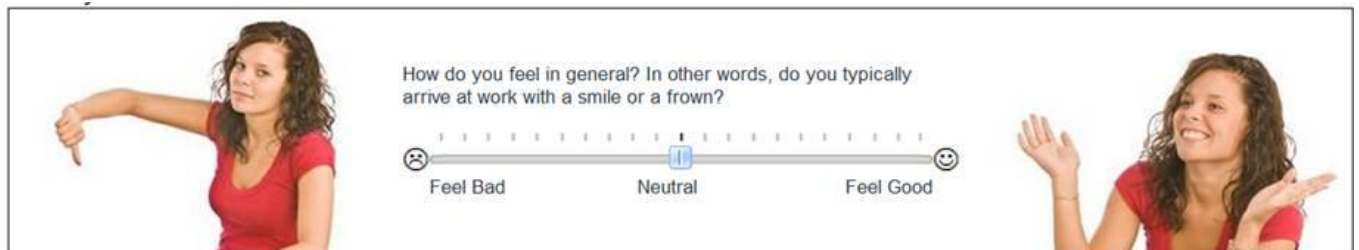
painful feelings are the underlying forces that move us. They are, quite literally, the cylinders that power the motivational engine.

Since marketing professionals deeply “get it;” that emotions and feelings matter, let’s see what sorts of tools and techniques they have developed to manage customer feelings and then adapt these tools to strum at the emotional strings of our internal customers, our employees.

Marketing Idea 1: The Employer Brand

Just as marketers create a brand image in the minds of their customers, we are going to create a positive brand image in the minds of our employees by treating them well and pressing their motivational hot-buttons. We are going to accomplish this by satisfying their core productive needs to invent, feel like a respected expert, experience rewarding wins on a daily basis, and feel part of a tight-knit group characterized by warm, friendly feelings. This brand is called the “employer brand;” the sum total of the good and bad feelings our employees experience in the workplace.

My motivation-management tool, The Horsepower System, measures the employer brand with the following question:



This question asks for a read-out of the feelings stored in the basal striatum: “What gut-feeling do you experience as you walk into work in the morning.” The basal striatum automatically tracks our experiences and computes whether the workplace is a good place to be or a threatening place to be. This calculation takes place in the blink of an eye to aid our survival.

If the score for this question is negative, your internal customers are dissatisfied and experience pain in the workplace (a negative employer-brand). They will spread this negative brand throughout their social networks and make it very difficult for you to hire quality employees in the future. Ultimately, they will take their business elsewhere, by either finding a different job or by withdrawing their best efforts.

Employee turnover is not a problem if only your underperformers leave, but it is devastating if your top talent rejects your employer brand and decides to jump ship. The rule of thumb in HR is that it costs employers between one and three times a person's annual salary to replace them. The more technical and demanding the job, the more it costs.

All companies compete for top talent and will have trouble attracting good people if they have a shabby employer brand. If I were looking for a new job, I would know exactly where to look to find companies with terrific employer brands; Fortune Magazine and other publications that sponsor "Best Place to Work" contests. Companies that win these contests and make it onto these lists obviously know how to treat people well, because they are voted onto the lists by their employees. Since these companies are good at pressing the motivational hot-buttons, why would someone want to work anywhere else?

Best Place to Work contests are more than beauty pageants because the companies that win them are generally more profitable than their competitors. Alex Edmans, a finance professor at the Wharton Business School, created a mutual fund out of the companies on the Fortune "100 Best Companies to Work for List" and tracked it for 7 years. Companies on the list were more than twice as profitable as those that weren't (14% ROI versus 6% for the market as a whole). This study proved that engaged employees, and a positive employer brand, are crucial for sustained financial performance. This is why I call employee engagement the master metric that drives everything else. If you can get this parameter to go up, then desirable financial, operational and HR metrics should go up with it because motivated employees drive high performance across the board in every department and in every business function.

I can help you improve employee engagement and your employer brand by describing the motivational hot buttons and how to press them. This is almost like giving you the answer key to the final exam in employee motivation 101!

Marketing Idea 2: Assessing the Needs of the Internal Customer

The marketing process can be broken down into two basic steps: assess the needs of the customer and then develop products or services that satisfy those needs. The customer's needs are typically assessed using two primary tools:

- Customer surveys, and
- Focus groups.

We are going to do the same thing with our internal customers, our employees. We are going to survey their core needs on a monthly basis using a simple intrinsic-reward survey called The Horsepower Survey. We are then going to sit down with them to design a product (the workplace environment) that satisfies the internal-customer's needs.

The Horsepower Survey is short, but there is lots of science behind it. It measures the five "currencies" of reward that contribute to a positive workplace experience and positive intrinsic paycheck. It also measures the five basic components of the employer brand. I can show you where these five flavors of feeling arise in the brain and even which psychoactive drugs like heroin, cocaine, methamphetamine, Prozac and Ecstasy press the motivational hot buttons, *hard*, to create artificial highs.

Marketing Idea 3: Designing the Ultimate Workplace Using Focus Groups

Once we understand which needs are being met and which are being starved from the survey, we are going to sit down with our internal customers to collaboratively re-design the workplace experience so it triggers the natural productive pleasures that all human beings crave. In other words, we are going to design a workplace "game" that our employees and managers will enjoy playing. The survey will detect pain points that detract from the employer brand, and the focus groups will figure out how to eliminate them to create a productive and human-friendly workplace that fires on all five motivational cylinders.

If we are not having these regular conversations with our employees, then our employer brand (workplace experience) is probably mediocre, at best. The monthly Horsepower Survey results provide a convenient excuse for sitting down with our employees on a regular basis to openly and honestly discuss what is bothering them. These focus-group sessions will allow us to proactively deal with workplace issues before they balloon into problems. Think of these sessions as preventative maintenance for our human engines. Not having these sessions, I hope you will agree, is downright un-businesslike!

Financial Considerations

If you are the CFO of a company, I hope you have enjoyed this businesslike discussion of emotions and feelings in the workplace. The following insight regarding feelings could even save your company a bundle of money: If all forms of reward are based on feelings, then monetary rewards are made of the exact same "stuff" as the intrinsic rewards employees experience in the workplace when their hot-buttons are pressed. If your financial goal next year is to double productivity and profits, you basically have two choices: 1) pay everybody twice as

much money, or 2) double the intrinsic paycheck by creating a human friendly workplace that presses the motivational hot-buttons. What would you rather do, spend a bunch of money, or simply treat people in a way that improves their workplace experience and motivation? I can almost hear your response, "Let's try that intrinsic-reward thing!" My response, "Yes, absolutely, this is the logical and businesslike thing to do. Let's get started."

Societal Considerations

What do you think of the following statement, "Human beings are universally motivated to seek rewarding experiences and to avoid painful ones."? Unless you are exceptionally left-brained, or Autistic, this statement should be self-evident and need no further explanation. Human beings want to feel good and will work really hard to get there. If employees cannot find pleasure naturally in their work, then they will focus their energies outside of work in rewarding activities like sports and hobbies. If they can't find pleasure anywhere in their lives, they will often resort to getting their highs artificially through psychoactive drugs. Drug addiction, in turn, fuels costly social problems like crime and mental illness that cost us hundreds of billions of dollars annually.

What do you think of this solution? Let's create human-friendly workplaces that provide natural highs so people will not need the drugs that create the crime that is ruining our society? This, I hope, will be our main goal: create a more productive, rewarding, and mentally-healthy world where everybody benefits. As a side effect of creating this healthier society, we will also make twice as much money because our employees will feel twice as rewarded!

Time to Create a People-Play

As you plan your business strategy for the upcoming year, I would like you to consider a novel idea; consider creating a people-play as opposed to a strategy-play or a technology-play. A people-play, as you may have guessed, is a company that succeeds spectacularly by creating a positive employer brand that gets the best from its people.

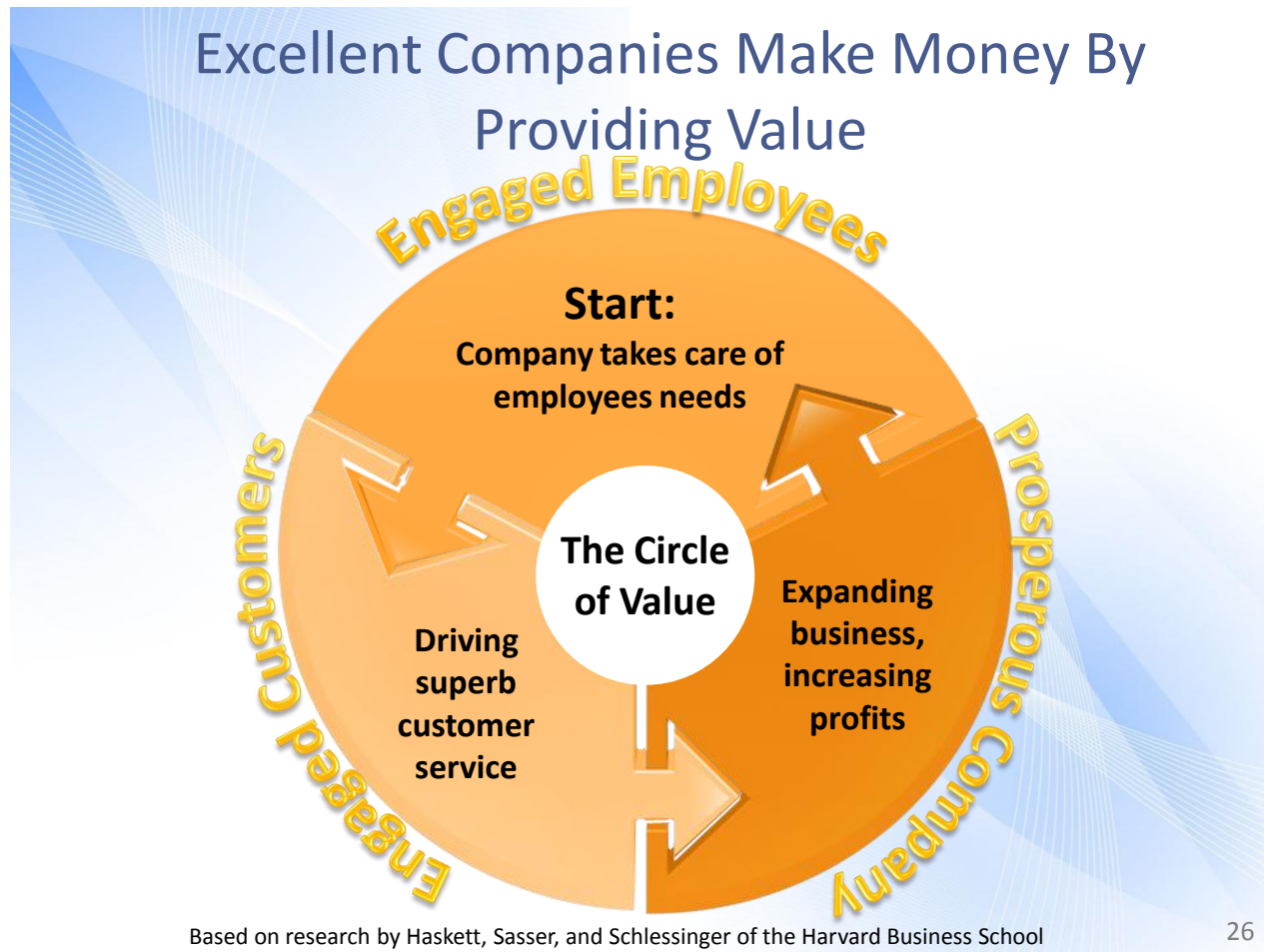
Jim Collins, in his blockbuster book, *Good to Great*, described Nucor Steel as an excellent example of a people-play. The social architect of the Nucor Steel was a humble servant-leader named Ken Iverson. Iverson created a 10-billion-dollar steel company by treating people right. His book, "Plain Talk," is a must-read for anyone who wants to achieve sustained financial performance in the 21st century. Other examples of people-plays are: 1) AES corporation under the leadership of Dennis Bakke (see "Joy at Work"), Quad Graphics under the leadership of Harry Quadracci (see "Ready, Fire, Aim"), and Semco SA under the guidance of Brazilian

management guru, Ricardo Semler (see “Maverick”). These books all recommend an employee-centric approach to management. In other words, they make employee engagement the number-one management priority; even ahead of customer service and customer engagement. These books are also chock-full of practical suggestions for boosting your employer brand. Another resource is my book, “Primal Management.” Think of it as a guidebook, or blueprint, for creating a people-play.

Let’s start our employee-engagement initiative TODAY by setting the following goal: “We will become a “Best Place to Work” in our community within the next two years.” This goal will keep everyone focused and heading in the right direction as we transform our companies from machine-like 20th century organizations into passionate and productive 21st century dynamos that fire on all cylinders and dominate the marketplace!

Figure 1

THE CIRCLE OF VALUE



This diagram depicts the causal connection between engaged employees and financial success: if organizations take care of their employees needs, and employees take care of the customer's needs, the company will be rewarded financially. In other words, organizations don't make money by focusing on making money. They make money by providing value to their employees and customers.

