

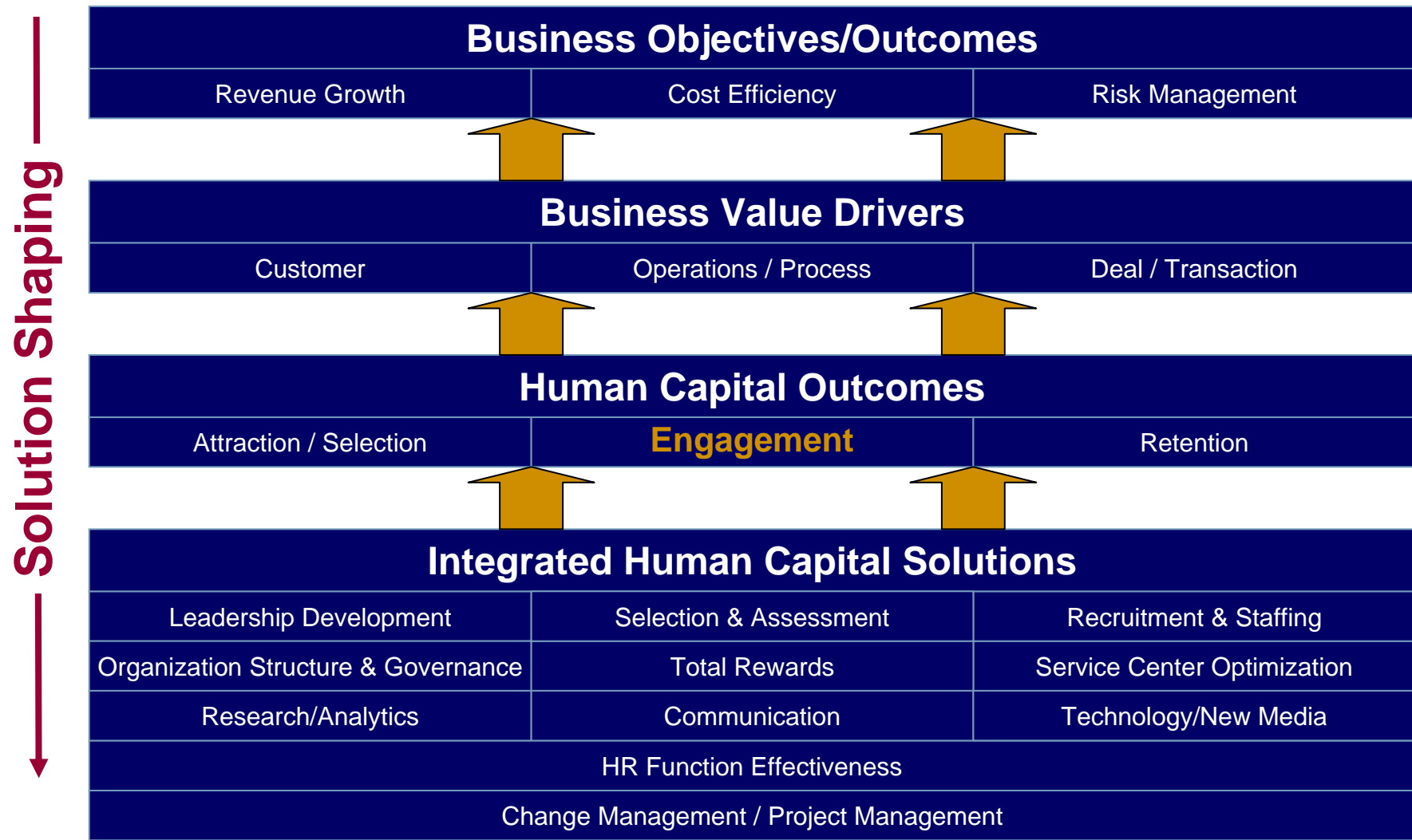


Building a Culture of Employee Effectiveness & Engagement

It Requires More Than Just a Survey

AON CONSULTING

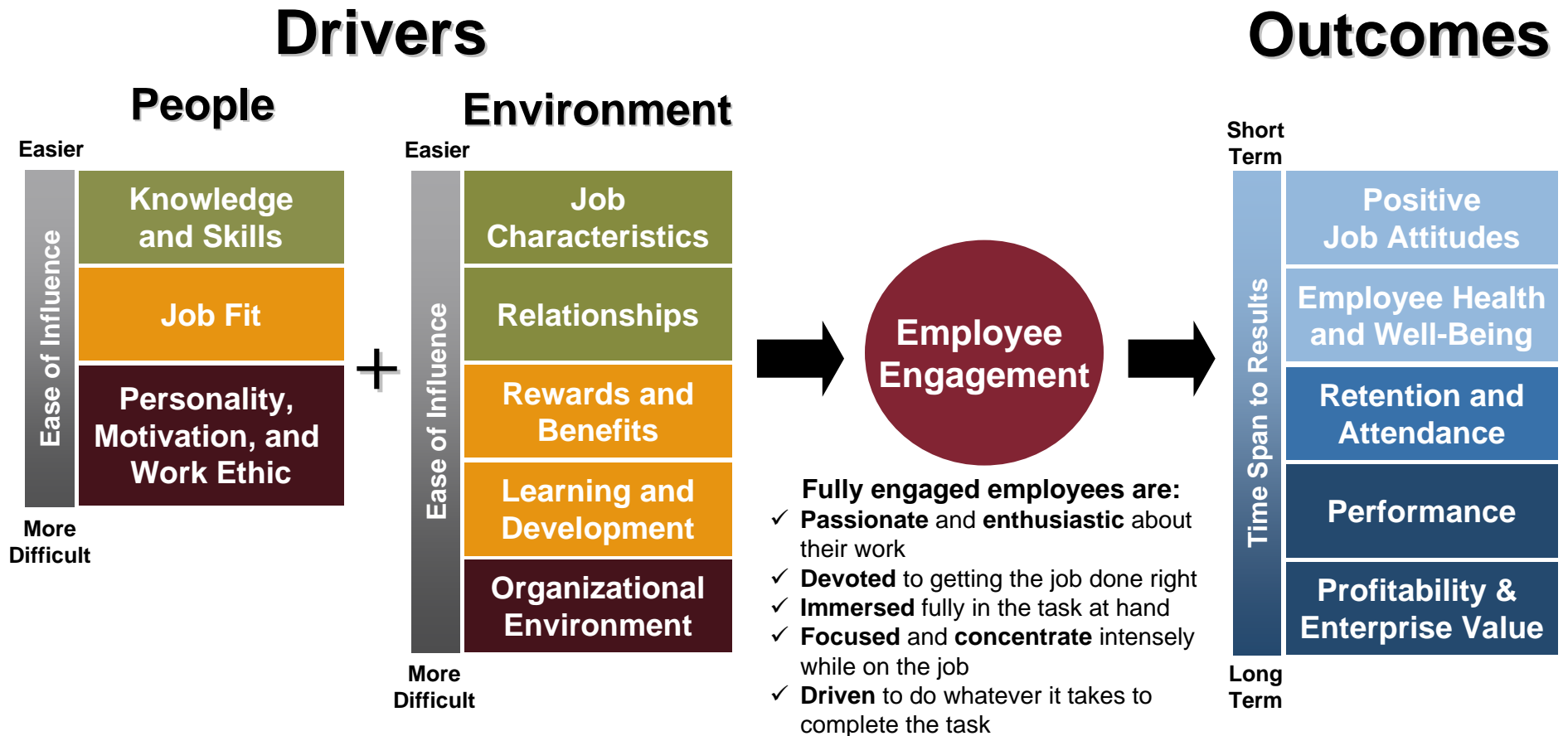
Employee Engagement is a Critical Human Capital Outcome That Drives Business Performance



Engagement Is Important, But What Is It?

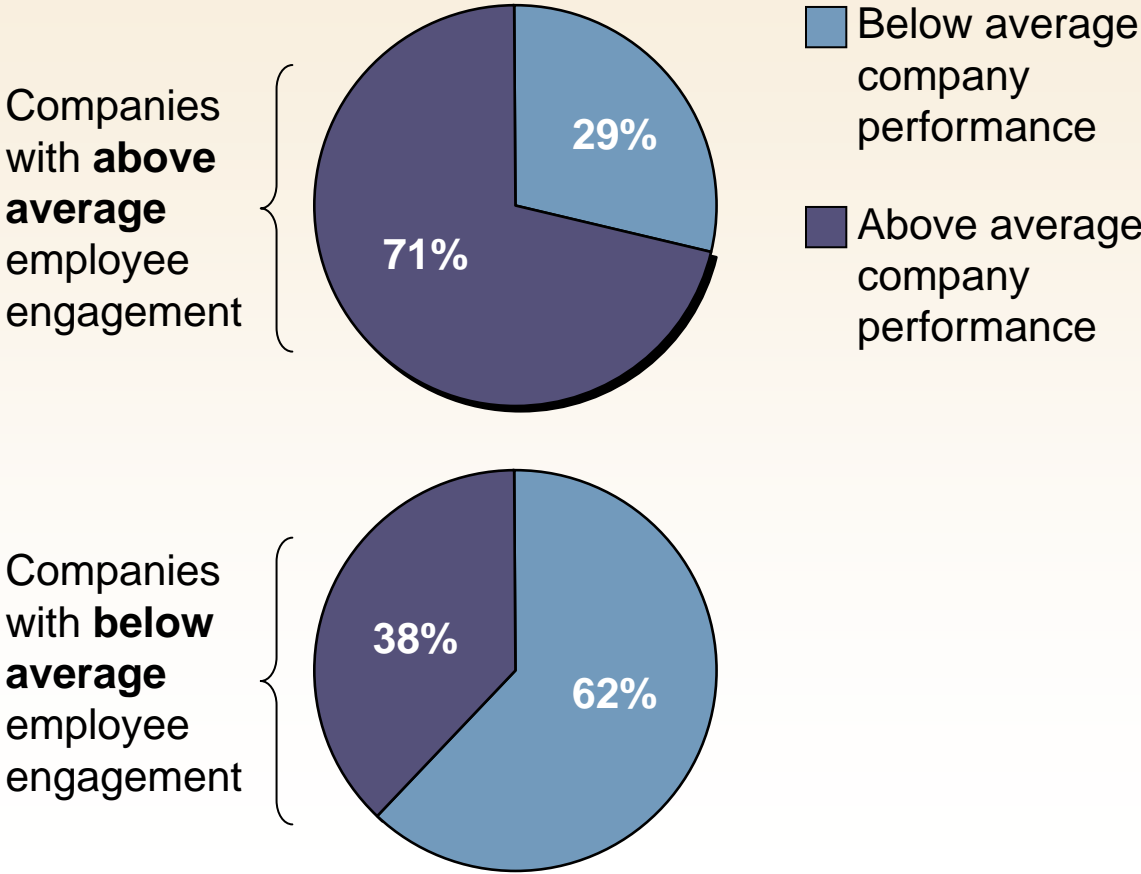
- Engagement is the cognitive (mental), physical, and emotional attachment that an individual experiences with regard to his/her work
- Engagement is *not*
 - How satisfied employees are with their jobs
 - How committed employees are to the organization
 - How likely employees will remain with the organization (vs. choose to work elsewhere)

Aon's Employee Engagement Model



Engagement Is Tied to Financial Performance

Percentage of Companies by Economic Performance and Employee Engagement

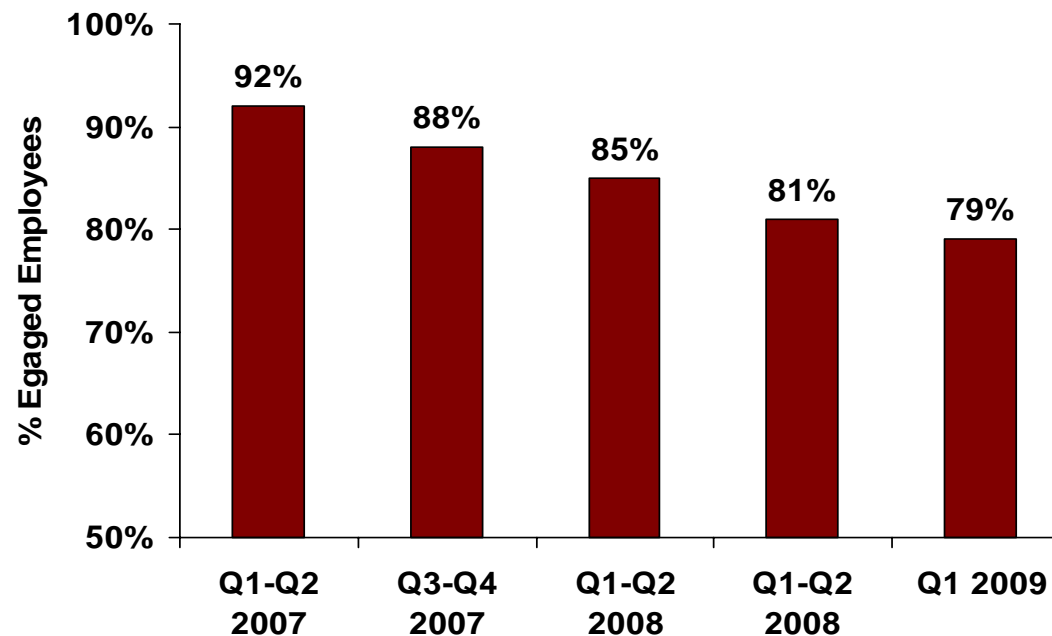


Key Takeaways

Organizations with above average engagement had greater one-year revenue growth relative to their industry than those with below average employee engagement

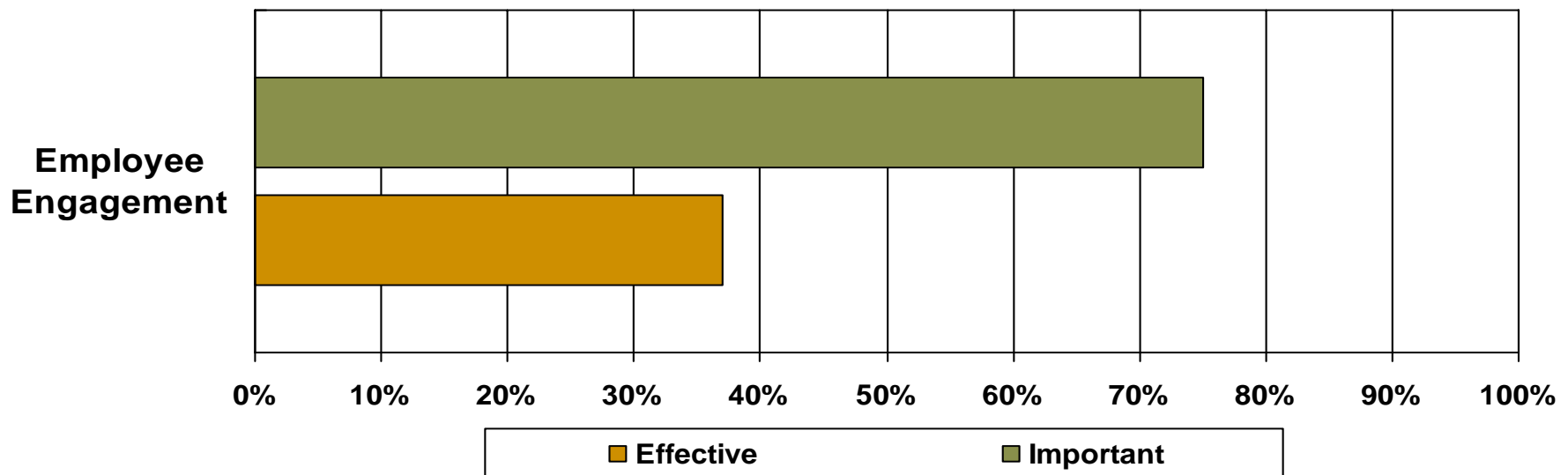
Engagement Is On the Decline

- ↳ Throughout the economic decline, employee engagement also declined
- ↳ As the economy rebounds, organizations must ask themselves if top talent will stay with the organization
 - Why should they?
 - What is the organization doing today to ensure that top talent stays tomorrow?
 - Will employees feel that the organization stuck by them during the economic crisis?



Organizations Are Worried About Engagement

- Organizations are trying to manage growth, cost, and risk in the face of ever changing economies, market instability, increased regulation, shifting demographics, etc.
- HR professionals understand and appreciate the link between engagement and outcomes such as organizational profit, retention, and job satisfaction
- Yet, HR professionals believe they are very ineffective at engaging their workforce



Organizations Must Focus On Engagement Every Day

- ↳ Engagement surveys are too often viewed as “check the box” events
- ↳ A survey is a great way to “take the organization’s temperature”—it is simply a source of information that organizational leaders must translate into action
- ↳ Organizations must focus on engagement throughout the year, and throughout the entire employee lifecycle
 - How are decisions made in the organization?
 - How are important issues communicated throughout the organization? (are people *receiving* the right message?)
 - Do employees *perceive* that they have the tools and resources to perform their jobs?
 - Does the organization treat each and every employee as a *person*?

Measuring Engagement

- ↳ Develop survey items that tap into the *pure* construct of engagement
- ↳ Develop a separate set of items that measure the drivers and outcomes of engagement
- ↳ Organizations can gain the most insight from survey results (i.e., engagement, engagement drivers) when they make relevant comparisons
 - By comparing results for different employee segments (e.g., Department A vs. Department B, hourly vs. salaried, union vs. non-union, management vs. non-management) organizations can benchmark against themselves
 - Over time, organizations can establish a baseline level of engagement and subsequently monitor whether results improve or decline in response to changes in the organization and external environment
- ↳ External comparisons can also be relevant, but it is important to remember that no two organizations are the same—every organization has different employees, in different markets, facing different unique challenges

Turn Survey Results into Action

↳ Making engagement results actionable

- Improving engagement improves business results
- Measure and analyze information to prioritize actions overall and for key employee segments
- Organizational initiatives are important but need to be implemented at the individual manager and employee level
- Integrated metrics and solutions yield the best results, but have to be made easy to use
- Sustained focus over the years provides the best results

↳ Understanding survey data and what they say about your organization is one thing...translating data into action is another

- Employees must see action come out of surveys—if they do not, they believe that the organization wasted their time and does not care about what they have to say
- If the organization is not able to address all issues that emerge from the survey data, simply recognizing issues and explaining to employees why the organization is not able to address them right away can go a long way

Strategies to Impact Engagement

Great Workplace Characteristic		Key People Levers
Employee satisfaction	➔	Talent and performance management; management training/selection to address employees' satisfaction toward management; employee communications; employee training and empowerment
Training and professional development opportunities	➔	Training and development through education, feedback, and experience
Support for diversity	➔	Diversity training; recruitment and selection
"Presenteeism" & retention	➔	Recruitment and selection; supervisor training programs; health and productivity; work-life integration training
Financial health	➔	Systems to enhance ROI and reduce expenses related to various human resources functions
Pride in work, organization, & products	➔	Training; employee communications
Teamwork & camaraderie	➔	Workforce development and culture change

Strategies to Impact Engagement (cont.)

Great Workplace Characteristic		Key People Levers
Open communications	➔	Total communication plans, including multigenerational communication strategy
Respect, caring, and fair treatment	➔	Training and development; talent and performance management; management skills training; diversity training
Performance-based pay and rewards	➔	Talent and performance management; Compensation communication
Effective leadership and people-management	➔	Leadership assessment and development; succession planning and high potential development
Valued benefits and perks	➔	Total rewards; employee benefits
Employee and career growth; advancement opportunities	➔	Employee selection and assessment; training programs; communications around opportunities; competency modeling; talent management and career pathing

Case Study: Retail Organization

Engagement Survey of 16,000+ employees across the US and Canada

Client's Situation and Needs

- Client wanted to conduct its first all-employee engagement survey since being divested from its previous parent organization
- A 40% participation rate was anticipated
- The organization's 16,000+ employees were located in nearly every state in the US, and a number of cities in Canada
- Survey needed to be available in English, Spanish, and French Canadian, via both web and paper

Aon Consulting's Approach

- Worked with the client to identify the most suitable survey content given their needs
- Partnered with the client on an in-depth communication campaign, including e-mails and letters to employees' homes announcing the survey, memos from the CEO, etc.
- Translated all survey content into Spanish and French Canadian
- Administered the survey on paper and online via *Aon SurveyCentral*™
- Worked with the client to understand its reporting needs

Aon Consulting Delivers Distinctive Value and Impact

- Achieved an astounding 75% response rate
- Prepared numerous reports, including 20 custom narrative reports and 200+ item-level breakout reports
- Units with the highest engagement had higher earnings, better controls of operating costs, and were better able to control their operating expenses. In addition, units with engagement in the top 10% had
 - ✓ significantly lower voluntary turnover
 - ✓ Significantly lower involuntary turnover
 - ✓ almost three times higher operating profit
 - ✓ 6 times lower operating costs

Case Study: Sales Organization

Building a Culture of Employee Effectiveness and Engagement

Client's Situation and Needs

- Had recently experienced significant growth through mergers and acquisitions
- Over time, the organization's culture had become one of "learn and leave" (i.e., the organization was a great place to get experience before moving on to another organization)
- Wanted to understand the causal relationships between engagement, its drivers, and measures of organizational effectiveness (e.g., financials, retention, productivity)
- A "green" company focused on corporate social responsibility
- Operations spanned across all of North America

Aon Consulting's Approach

- Worked with the client to understand its past and where senior leadership wanted to take the organization in the future
- Conducted an employee engagement survey across the enterprise in multiple languages and delivery methods (i.e., paper/web)
- Developed a multi-level communication strategy, including memos from the CEO announcing the survey, talking points for managers in the field, and a detailed communication campaign focused on the dissemination of results

Aon Consulting Delivers Distinctive Value and Impact

- Partnered with the client to fully understand the survey results, and developed actionable recommendations
- Worked with the client to understand what was driving their current culture and to take steps to *change* the culture
- Consulted with the client around building career paths for employees and engaging in strategic recruiting practices
- Through the course of working with the client, the organization:
 - Experienced a 30% increase in retention of key talent
 - Was named as one of the Top 5 Best Places to Work in Canada
 - Successfully aligned its corporate giving efforts with its core business—a key to engagement

Contact Aon



Brad Chambers, Ph.D.

Assistant Vice President

Aon Consulting

3000 Town Center • Suite 2900 •
Southfield, MI 48075
tel: 248.936.5417, fax: 312.381.0642
email: brad.chambers@aon.com
web: www.aon.com

