



Excel Leader Advisory Letter

ISSUED BY THE EXCEL LEADERSHIP GROUP

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Excel's Mission Statement

To help business leaders achieve higher profits by creating a high performance culture and unleashing the talents of all associates.

Thought for February

"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

-Warren Buffet



Effective leaders create their own high performance work environment based on high levels of employee engagement and discretionary effort. Their cultures in turn contribute directly to producing sustainable world-class results and higher profits. Therefore, despite the current economic climate and all its related challenges to your bottom line, you should continue investing in the development of your own leadership skills and those of your management team.

The preceding paragraph has become a central theme for this advisory letter over the past several months. I'd like to continue elaborating on the importance of employee engagement by reprinting an article that I recently wrote on that topic for [InterBusiness Issues](#), a Central Illinois monthly business magazine. Since many of you do not have the chance to read this publication, I thought I'd enclose the article here for your convenience. I trust that the tips will be beneficial. Enjoy.

Engaged employees willingly contribute their time, talents and abilities to the success of an organization. They not only commit to achieving a company's goals, engaged employees often proactively extend their "discretionary effort" to go above and beyond their employer's set minimum performance standards.

As leaders, we know intrinsically that employee engagement and discretionary effort are both critically important components to high performance and bottom-line results, and research supports our insight.

Research shows negative impact of disengaged employees

The Gallup Organization, well known for its work in gathering and interpreting data from opinion surveys, is also a noted and respected researcher on employee engagement and its impact in the workplace. According to Gallup: 54 percent of employees are not engaged; 17 percent are actively disengaged; and only 29 percent can be considered as engaging their time and talents in their respective organizations.

Gallup's research also reveals how disengaged employees adversely impact a company's performance and profits. The research findings show: 27 percent more absenteeism; 31 percent more turnover; 51 percent more "shrink" or inventory loss; and 62 percent more accidents.

In his book "The Speed of Trust," Stephen Covey discusses the impact alarming numbers like these mean to business results. Covey cites Gallup's finding that employee disengagement costs American businesses between \$250 billion and \$350 billion annually—and he actually calls those figures conservative.

Capitalize on the promise of employee engagement

There is good news in the Gallup research. Findings also report that: Engaged employees account for 12 percent higher customer satisfaction scores; 18 percent higher productivity; 12 percent higher profitability and 17 percent higher earnings per share.

Just how do organizations capitalize on those numbers? Throughout my 40-year career, I've found that the performance of leaders carries the most influence on the actions, behaviors and, yes, the engagement of employees in the workplace. There's truth in the adage: "People join organizations, but they leave their bosses."

This means the responsibility for engaging employees falls squarely on an organization's leadership team. So it's up to you, as a leader, to build a culture that promotes and encourages higher levels of employee engagement. Fortunately, there are several low-cost, low-tech and high-touch ways you can build higher levels of engagement into your culture.

Three proven, low-cost methods for improving employee engagement

Three of the most effective methods you can use to increase employee engagement include:

1. Demonstrate you genuinely care about your employees. Focusing on employees' health and safety remains one of the best ways to show your employees on a regular basis that you genuinely care about them. You can address health and safety in many ways, such as scheduled safety meetings, and a robust process for following up on accidents and even minor incidents that could lead to an accident in the future. Be sure any approach you take toward safety includes the active involvement of employees in the process. Also keep in mind, safety impacts all operations, not just the shop. Many ergonomic improvement opportunities exist in office settings, as well.

You can also show you really care about your employees by practicing management by walking around or MBWA as many refer to this practice. So step away from your laptop and the "demands of the desk." Get out there among your employees. Listen to their concerns, and, just as important, proactively respond in a timely manner to any issues they raise.

2. Recognize employees for their achievements. Companies with high levels of engagement typically earn high scores from employees in response to the survey question: "Has one of my leaders recognized me for my contributions in the past seven days?" If you want to score the same high marks with your employees, you can adopt a second low-cost, proven approach for building higher levels of engagement. It involves simply recognizing people whenever their behavior or actions tie directly to your organization's goals and desired results.

You'll want to make sure the recognition you offer holds specific meaning for the individual. The recognition should also occur quickly following an event or achievement, and it should specifically tie the employee's contribution directly to a key company goal. Keep in mind too that recognition doesn't have to cost money to be effective. For example, if an employee suggestion will improve safety, you might consider recognizing and applauding the employee's contribution "publicly" in your next safety meeting.

3. Show true interest in your employees' development. A third low-cost approach you can take for improving employee engagement is to demonstrate a sincere interest in your employees' professional growth and development. You can do this in any number of ways. Overall, you'll want to engage in frequent, structured and realistic discussions with employees about their development interests and plans. By actively assisting and supporting employees with their plans at every opportunity, they will recognize your attention to their professional growth and development as genuine.

As examples, you may want to give employees lateral job assignments to help them gain greater insights and a broader understanding of your business. Seminars and workshops can be a good training path to growth, as well. To avoid any post-training learning "loss," I recommend using an effective feedback process to help employees practice what they learned and to measure any key changes. You can do that by scheduling periodic follow-up sessions with employees to review their progress. Mentoring and coaching are also valuable training follow-up tools.

As always, I encourage you to contact me anytime at mike@excelleadership.net with your comments and questions. Also, if I can be of assistance with your leadership needs, please contact me. We'll talk to you again in March. Be well and best regards.

Join our Web-based "community" devoted to open and honest discussions on topics related to leadership challenges and solutions. To join, simply visit TheExcelLeadershipGroup.net and click on "Community."



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on your company's leadership team.*