

CULTURE & ENGAGEMENT

The Engagement Outliers

**How to Accelerate Extraordinary
Improvement in Employee Engagement**

KINCENTRIC A Spencer Stuart Company

What Is Required for a Successful Space Mission?

A business unit executive of an average company has just received her annual employee engagement survey results, and they are, well... average. Another just received his survey results and they're worse – hovering around the bottom quartile of engagement levels. Both leaders have something in common – their CEOs have told them they are expected to have top-quartile employee engagement levels within the next two years. The thoughts start racing: This is impossible!

How much more can we expect by next year? Where should we start? Achieving extraordinary employee engagement improvement – quickly – is the real challenge. In order to do this, you have to push against inertia and move people and your organization much further and faster than they would go under ordinary conditions. It's much like a space mission that requires clear objectives, strong leadership, a ready team, planning, know-how, focused effort, steady nerves... and a big rocket...with a lot of fuel.

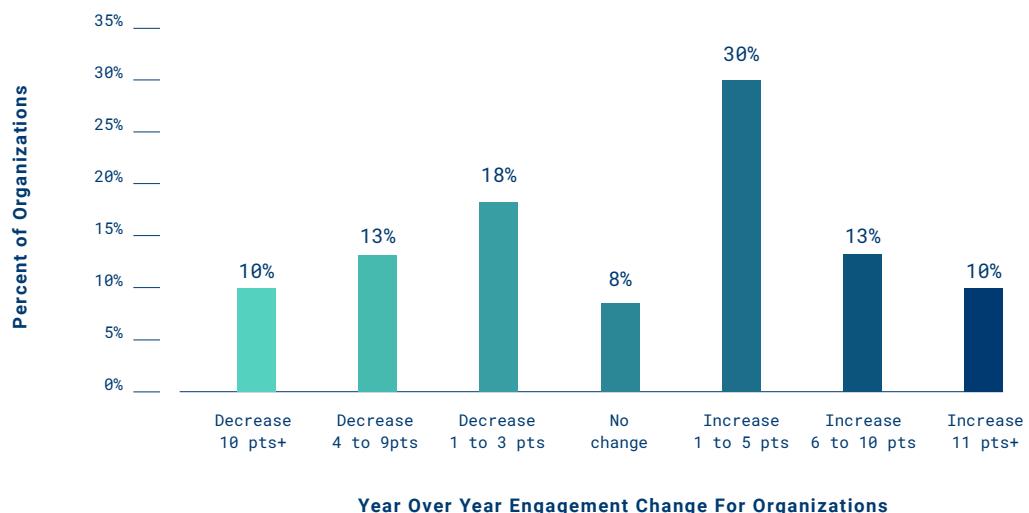
As leaders pivot toward taking action on survey results, many ask the same questions:

- What is typical improvement in engagement in one year?
- What are extraordinary companies doing to achieve big engagement improvements? How quickly can it be done?
- What is extraordinary improvement in engagement in one year – what is the outlier boundary?
- How much do we need to improve engagement drivers (and which ones) to achieve desired engagement outcomes?

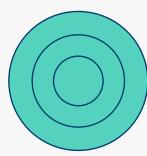
In order to achieve extraordinary engagement improvement, you have to push against inertia and move people and your organization much further and faster than they would go under ordinary conditions.

To help answer these questions, we analyzed survey trends from 359 organizations. These organizations represent more than 420,000 employees and span multiple industries and all major global regions.

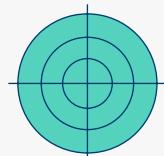
DISTRIBUTION OF YEAR OVER YEAR ENGAGEMENT CHANGE



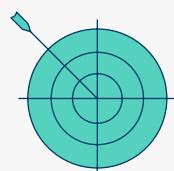
What Can You Expect Year Over Year?



The average company experiences a +1pt YOY change



Inner quartile companies have engagement changes from -3pts to +5pts.



Engagement Outlier companies increase engagement by 11pts or more.

The Engagement Outliers

According to our [2019 Trends in Global Employee Engagement](#) report, we found that 66% of employees are engaged. When we looked at the 359 organizations in the “Outliers Study,” we found that engagement improved year over year by only one point on average. At this rate, it will take the average company more than 10 years to achieve top-quartile engagement levels – more than 20 years for bottom-quartile companies to move to the top quartile. With some effort, companies can expect to see 5 point improvement year over year, as we see with organizations at the 75th percentile of change. But for many, this type of progress is not fast enough. Our data show that companies with top-quartile employee engagement have higher revenue growth and higher total shareholder return than other organizations. Knowing this important link to long-term performance, most leaders with average or below-average employee engagement levels would like to quickly achieve and build upon top-quartile engagement scores. To help understand how companies can accelerate extraordinary employee engagement improvements, we focused on a small group of outlier companies that are improving in significant ways.

Engagement Outliers are companies that go well beyond the average improvement to achieve extraordinary engagement improvement year over year. While the majority of companies we work with achieve some positive improvement in engagement, a smaller, elite group of Engagement Outliers achieves improvement 11+ points in one year (1 Standard Deviation or more beyond the average company increase). We profile three different types of Engagement Outlier organizations based on their year-one starting place within engagement benchmark quartiles and the dynamics that must be overcome to move employee engagement in an extraordinary way – The Most Improved Players, The Ordinary to Extraordinary and The Best Getting Better.



THE ENGAGEMENT OUTLIERS – ENGAGEMENT AND IMPROVEMENT

The Most Improved Players



The Ordinary to Extraordinary



The Best Getting Better



	Bottom Quartile		Middle Quartile		Top Quartile
	Year 1 Score		Year 2 Improvement		

The Engagement Outliers

The Most Improved Players are starting at bottom-quartile engagement levels – the organizations in this group moved engagement 25pts from an average starting point of 37% engagement. The Ordinary to the Extraordinary represent organizations with average to slightly above average engagement that are able to move 19pts+ in one year. Finally, there are the truly elite – The Best Getting Better. These organizations are remarkably able to build upon existing top-quartile engagement levels to achieve an additional average of 13pts improvement.

As the engagement dials above illustrate, it becomes increasingly unlikely to improve engagement the higher the baseline score. Unlike the space mission where the rockets can be turned off once escaping the Earth's atmosphere, organizations are constantly fighting against gravity and it gets more difficult to improve the higher you get. So, what exactly are these outliers doing to achieve such significant employee engagement impact? To answer this integral question, we dug deeper into engagement-driver improvements for these three types of Engagement Outliers.



Truly elite organizations are able to build upon existing top-quartile engagement levels to achieve an additional average of 13 points improvement.

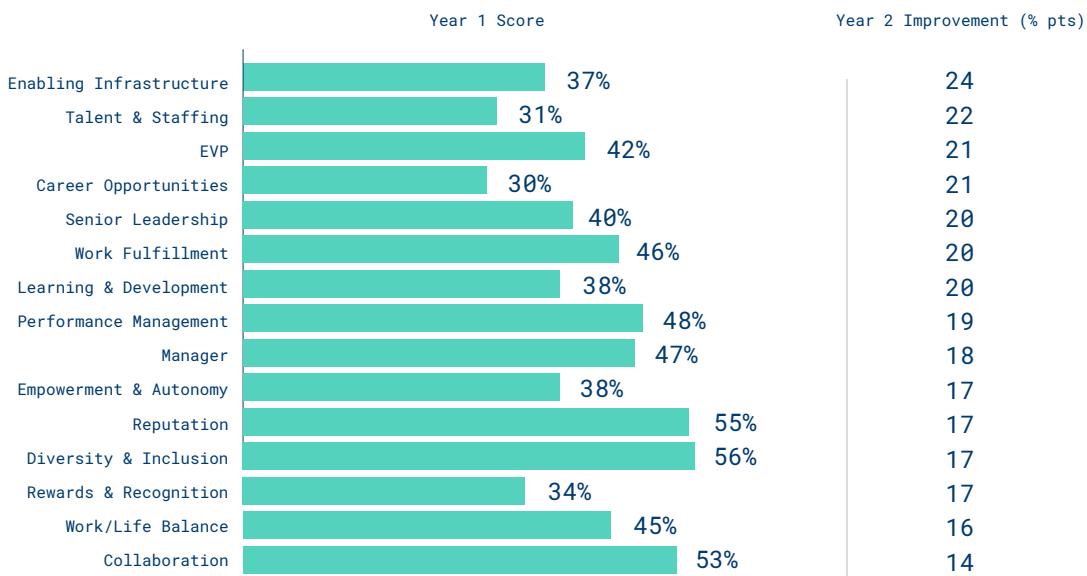
Escape Velocity

How Do Engagement Outliers Escape the Gravity of Disengagement?

THE MOST IMPROVED PLAYERS

Most Improved Players have a lot of work to do to improve upon low employee engagement levels. Only about 35% of the bottom quartile (or 9% of companies overall) achieve outlier gains.

MOST IMPROVED PLAYERS – AVERAGE YEAR 1 DRIVER EFFECTIVENESS AND YEAR 2 IMPROVEMENT



IT'S ABOUT THE BASICS:

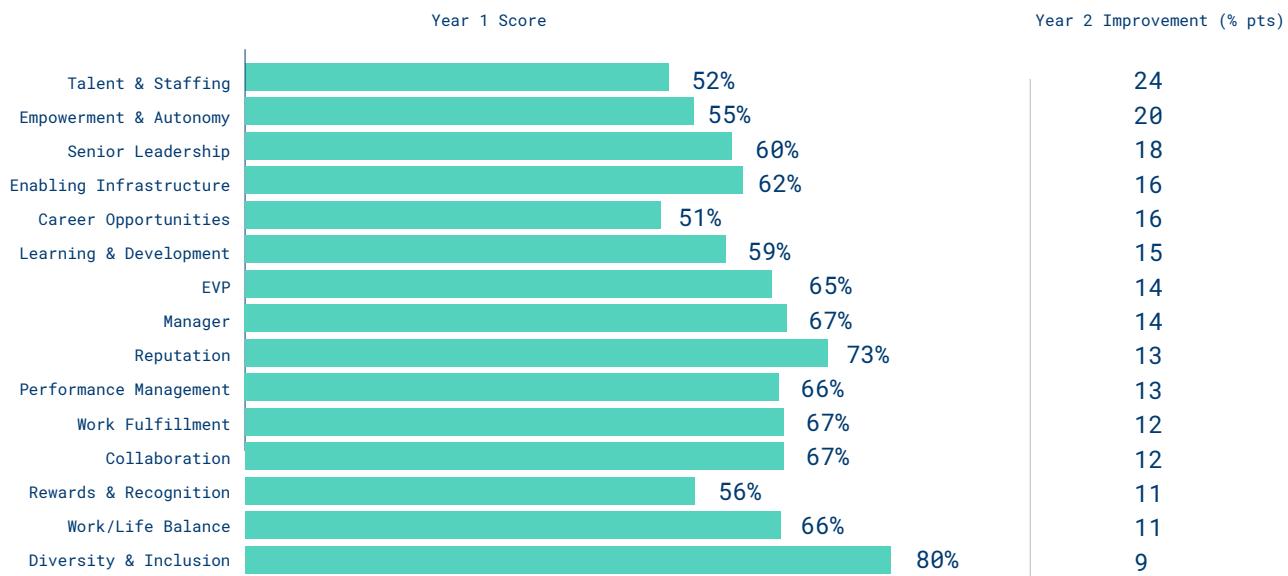
- **Remove the barriers.** We see the largest gains in enabling infrastructure – processes, practices, and resources that help people get work done. With 63% of employees struggling with barriers to productivity, it is not surprising that improvements to enablement will have an impact.
- **Get your culture out of the ditch.** Second, we found that these turnaround companies also fixed some dismal employee experiences in critical culture drivers like Leadership (+20pts), Talent & Staffing (+22pts) and Employee Value Proposition (+21pts). It's next to impossible to engage large numbers of employees when most people see ineffective leadership or no compelling reason to join, stay or engage themselves and the talent attraction and retention challenges that result.
- **Reconnect to purpose.** Engaged employees have meaningful work experiences. These companies have driven significant improvements in a sense of accomplishment and autonomy through a focus on meaning and a mission beyond the work or financial performance alone.
- **Develop.** Finally, we see both learning and career opportunities improve 20 to 21 points in these organizations. An ongoing learning and talent-advancement orientation addresses a critical need of individual employees as well as future-proofs the organization against disruptive forces that can make an organization stagnate or become obsolete.

Escape Velocity

THE ORDINARY TO EXTRAORDINARY

This group of outliers represents the opportunity for most companies. These companies start with around average engagement and are already doing many things well. But within a year, these outliers find themselves in top-quartile engagement levels by going beyond the basics and starting to align a critical mass of talent required to create a culture of engagement.

THE ORDINARY TO EXTRAORDINARY – AVERAGE YEAR 1 DRIVER EFFECTIVENESS AND YEAR 2 IMPROVEMENT



IT'S ABOUT THE PEOPLE:

- **Lead.** Senior Leadership is the key here. We consistently hear, in our work with Best Employers, that CEO ownership of the engagement agenda (not the survey!) is the critical ingredient. The typical Ordinary to Extraordinary company builds upon moderately strong perceptions of leadership and ends up with 8 out of 10 employees having a positive impression of the direction, decision-making, support and accessibility of senior leaders.
- **Plan for the future.** Attracting and retaining the right number of people with the right skills for the future is the area of greatest improvement for these soon-to-be extraordinary organizations (+24 pts). Strategic workforce planning and

the ability to execute on this plan is at the heart of growth as well as creation of a high-performance culture that sustains growth.

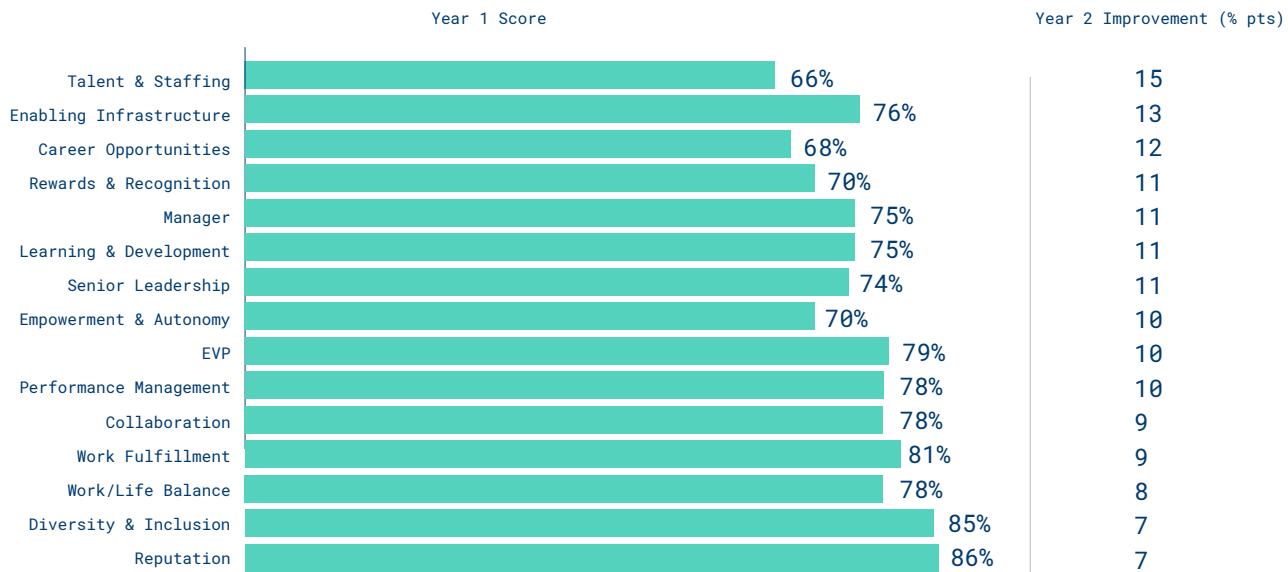
- **Empower & enable.** Empowering people to do what needs to be done is the second-largest area of improvement. Enabling infrastructure is the fourth-largest area of improvement. These outlier organizations go from 6 out of 10 positive employees to nearly 8 out of 10 positive in these two areas. While these two areas are related, empowerment is largely about job design and enablement is largely about organizational design. Improvements in these areas free up talent to deliver fully on individual capability.

Escape Velocity

THE BEST GETTING BETTER

These elite organizations are not complacent about their results and show continued progress in creating a culture of engagement. This is an extraordinary feat, given that most companies in the top quartile see decreases in engagement rather than increases. Best Getting Better companies are rare (about 10% of all organizations) and are marked by strong perceptions in several key engagement drivers, as well as continuous improvement in others.

THE BEST GETTING BETTER – AVERAGE YEAR 1 DRIVER EFFECTIVENESS AND YEAR 2 IMPROVEMENT



IT'S ABOUT DOUBLING-DOWN ON A CULTURE OF ENGAGEMENT:

➤ **Leaders lead the way.** Leadership and ongoing leadership development have become part of the way things are done. Nearly 9 out of 10 employees see strong leadership as evidenced by many engaging leader behaviors. Again, senior leadership is critical.

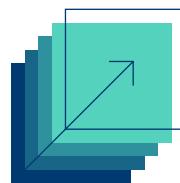
➤ **Get serious about talent management.** Eight out of 10 employees see attraction, retention, enablement, and development of the talent needed for future performance. Beyond the high baseline scores in these areas of talent strategy, the outliers continue to push the envelope, particularly in the areas of attraction, retention and enablement.

➤ **Elevate rewards & recognition.** Best Getting Better organizations also improve areas of rewards even after they've already achieved high levels of employee engagement. It's interesting to note that on the journey from Most Improved Player to Ordinary to Extraordinary, reward alignment steadily improves but rarely results in exceptionally high positive perception scores until an organization achieves this Best Getting Better status. In the context of strong leadership, talent, and performance, rewards can be the ultimate reinforcing mechanism for a culture of engagement.

Ready for Takeoff

Effective leaders look beyond the engagement survey scores and ask “How can we quickly create a culture that improves and sustains engagement?” An important lesson we find is that the program differs depending on the engagement starting place. Another lesson is that ultimately the prescription is about culture and the leadership, people programs, and enabling infrastructure areas that need to change to drive intended outcomes.

Becoming an Engagement Outlier company is, by definition, a difficult and extraordinary occurrence. But it does happen, and our experience with these freakishly successful organizations generates some guiding principles that leaders and managers can use to get on the path toward becoming an Engagement Outlier :



Enable first

Effective processes, decision-making, systems, and resources are prerequisites to employee engagement. They are foundational. Employees who struggle to get work done will see their motivation and energy significantly disrupted or soon vanish. For companies with low employee engagement levels that want to see big improvements fast, they must first remove any threats and barriers to productivity. “The Best” appear to start here in order to become extraordinary at unleashing people potential.

Not just a survey score

Manage the people—not the metric. At times we see companies asking, “How do we get a top quartile 72% score?” This usually leads quickly to a strategy resting solely on measuring and incenting managers based on their survey scores — and it can have many unintended consequences, such as inflated survey scores that don’t reflect reality. Survey measurement is a critical aspect of successful engagement programs, but the scores are not the objective. Culture change is the objective. Leaders that ask the question, “How can we ensure employees are energized about this company and their work?” are on the right track.

Go big

The Engagement Outliers do not have “silver bullet” strategies. Those don’t work. We see big improvements in several individual areas across engagement drivers. And it is noteworthy that many of these drivers must improve at a higher rate than the engagement improvement target. We see that many areas need to improve 20 or more points on average to yield the same improvement in employee engagement.

Ready for Takeoff

All about me

Accomplishment, Advancement, Autonomy, Affiliation – these are the hallmarks of what an individual experiences when he or she is fulfilled, energized and engaged. Design thinking has come of age and extraordinary companies are applying the same energy they would to deliver excellent customer experiences toward delivering an employee experience that delivers engagement and productivity. Put the employees, and the eight or more hours a day they give you – their motivations, frustrations and objectives – at the center of your engagement strategy.

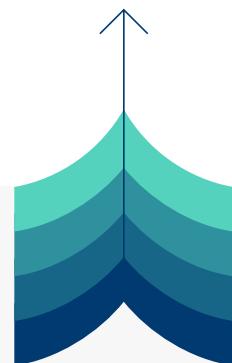
Great culture from great leaders

High engagement levels are achieved and sustained by a culture of engagement. Leaders must create this culture. It does not happen otherwise. An engaging leader energizes, steps up, connects & stabilizes, serves & grows and stays grounded. Many engaging leaders create a culture of engagement that becomes self-sustaining.

Engage in?

Getting clear about the behaviors in which you expect employees and leaders to engage is critically important to moving beyond engagement as an esoteric proxy for satisfaction and realizing the real value of employee engagement. This seems to be something at which the outliers excel. These required engagement behaviors are typically encapsulated in a strong employee value proposition (EVP) and supported by the leadership, programs and infrastructure to back it up and create a culture of engagement.

...Rocket ignition
and lift-off!



Conclusion – Time to Engage

Engagement Outlier Checklist:

- E**nable first
- N**ot just a survey score
- G**o big
- A**ll about me
- G**reat culture from great leaders
- E**ngage in?

There is no question that, now more than ever, people matter to the success of their organizations. Some CEOs and CHROs just seem to get it. They are able to ignite their people and lead them to stratospheric performance. Culture and employee engagement are both powerful and delicate... like a spaceship. Successful executives know exactly how to operate and control the ship depending on the phase of the organization's flight.

Is your organization in the bottom quartile of engagement and wanting to be a "Most Improved Player?" Is it one of the companies that seeks to move from "Ordinary to Extraordinary?" Maybe it is already great and ready to be "The Best Getting Better." The first move is to understand where your organization is by conducting a thoughtful, well-designed engagement survey. Then you need to consider which levers to pull to make the organization soar to outlier status.

Kincentric offers an unmatched employee engagement product supported by experienced global consultants and benchmarks, world-class technology, and augmented by a variety of talent solutions. To learn how our team and technology can help guide your organization to become one of the "Best Getting Better," please contact the author of this article listed on the following page.

Contact us to talk about how we can help.

Special Thanks

We would like to thank Ken Oehler, Ph.D. for contributing his insights to this article.

About Kincentric

Kincentric, a Spencer Stuart company, approaches human capital differently – we help you identify what drives your people, so they can drive your business. Our decades of expertise in culture and engagement, leadership assessment and development, and HR and talent advisory services enable us to help organizations change from the inside. Our global network, proven insights and intuitive technologies give us new ways to help organizations unlock the power of people and teams. For more information, visit kincentric.com.

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