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EMPLOYEES

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There is a demonstrable link between higher employee satisfaction scores and stronger company share prices.

It all adds up doesn't it?

The evidence for the power of engaging employees keeps on growing

In a homogenised market place with little differentiation, employee behaviour and performance is a more sustainable point of competitive advantage than any other components of the marketing mix. It's people that give you the competitive edge. Simply treating them as cogs in the machine just won't cut it. Employees matter. People make the difference.

If you focus on creating a positive culture for your employees they will focus on creating a great experience for your customers, increasing revenue as they go. It's called the Service Profit Chain, or as Jacki Connor, Director of Colleague Engagement at Sainsbury's simply puts it "What goes around comes around".

Government has sat up and taken notice with its move towards the creation of the 'Happiness Index' that seeks to measure the UK's GBW (Gross Well Being) at work as well as at home. It's becoming part of public consciousness too, as Channel 4's 'Secret Shopper' with retail guru Mary Portus and 'Undercover Boss' demonstrate.

DIY retailer B & Q goes so far as to quantify the link between employee engagement and revenue, estimating that 'engaged' employees add up to £70 million sales to its top line every year. Stores with more highly engaged employees also earn consistently higher scores for customer satisfaction/loyalty which equals £1 million more in profit per store¹.

In 'Engaging for Success', the recent government white paper on the importance of employee engagement, company leaders describe their 'light-bulb moment' when an understanding of the full potential significance of employee engagement dawned. Ex Tesco CEO Sir Terry Leahy talks about his reaction when he realised that the company knew more about its customers than it did its own people. He then set about understanding what the workforce wanted and what motivated them at work.

So has the message reached the boardroom agendas of UK companies?

(directors)

Directors are cocooned in a 'boardroom bubble'
Roffey Park "The Management Agenda 2011"

¹ The Gallup Organisation, 2003

The engagement deficit

Lack of contact between leaders and staff has been proven to be detrimental to business growth and profitability, yet almost half of UK employees in a recent survey had never spoken to their CEO, and nearly a quarter didn't even know their CEO's name².

Many senior private sector HR managers believe that the top challenge they face now is maintaining employee engagement. But they seem to face an uphill battle as Accor report that 75% of leaders have no engagement plan or strategy leaving them seriously in danger of alienating employees.

Management Today reports businesses as "worryingly deficient in their ability to create a company wide sense of purpose – the common values."³

Add this to the estimated £64 billion that disengagement costs the UK economy⁴ and Houston, we most certainly do have a problem.

CEOs are sitting on the answer – the brand

Studies of both rational and emotional forms of engagement reveal that emotional engagement is four times more valuable than rational engagement in driving employee effort. So it follows that the most powerful weapon in your employee engagement armoury should be your brand. Unlocking the power of your brand is the answer to how to drive employee engagement.

Research has found that there is an 85% correlation between the way your employees feel about your brand and the way that customers do⁵. As Peter Simpson said when he was Commercial Director at online bank First Direct: "Why would you want to be one kind of brand to your customers and a different one to your employees?"

CEO + (marketing + HR) + brand = employee engagement¹⁰

Why are there still many CEOs and senior managers in the UK who are yet to be fully convinced of the benefits of employee engagement?

Is it, as Accenture point out, that less than half of CFOs appear to understand the ROI in human capital?

Or perhaps it's that the stock market doesn't fully value intangibles such as employee engagement. Even though higher employee satisfaction's association with stronger company share price performance has been demonstrated time and time again.

Some may be put off by the perceived cost or fear that the benefits in investing in it might take time to show through in performance. Others still, might simply be unaware of how to begin.

So what's the answer?

² Right Coutts

³ Management Today, January 2011, Haymarket publishing

⁴ Gallup, 2008

⁵ Smith & Co

It's all about the brand

David MacLeod and Nita Clarke, authors of 'Engaging for Success' agree: "Engaged organisations have strong and authentic values, with clear evidence of trust and fairness based on mutual respect, where two way promises and commitments – between employers and staff – are understood and are fulfilled"⁶.

brand > logo

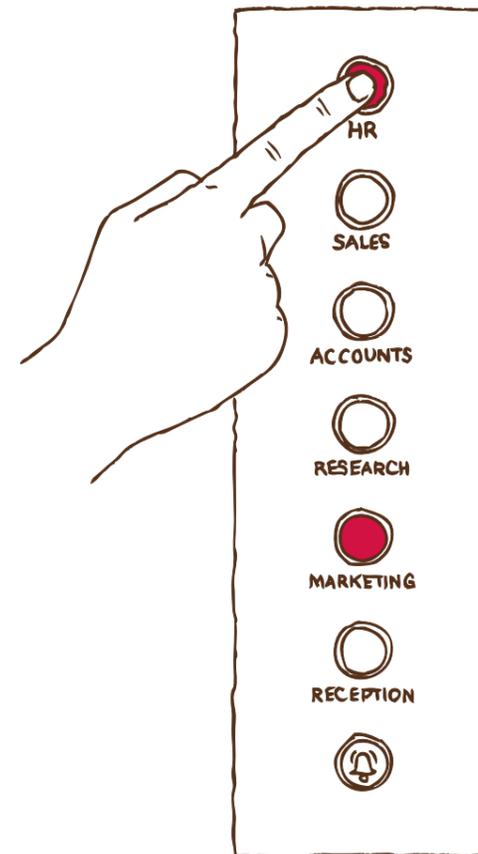
So much more than just a logo, in its most powerful form a brand is an organisational blueprint for growth led from the top of a company.

Externally to customers it's an implied promise that the level of quality people have come to expect from a brand will continue with future purchases. Internally amongst employees the brand should act as a rallying cry to unite employees and a blueprint for the way everyone inside the business behaves.

Brands are equally as relevant to services and organisations large and small as they are to consumer goods, whether you have five or 5000 employees.

Brand and employee behaviours must be aligned, using the power of your company's brand to create what Woodreed calls the 'cultural code', a framework for employee engagement.

"At dunnhumby we put our brand at the heart of the business. Everything we did inside with employees and outside in our interaction with customers was driven by it."
Edwina Dunn, co-founder of dunnhumby



It's powerful stuff, so why is it being missed?

One reason is that HR and marketing departments tend to work in silos. One looks after the people inside, the other are the guardians of the brand and the customer. Never the twain shall meet.

The solution? HR and marketing should harness each other's strengths, fusing HR's people knowledge with the marketing department's, brand and customer expertise. The result is one brand marketing strategy inside and out with brand at the heart of internal, as well as external communications.

And what about the money money money?

$$\frac{\pounds 140,000,000}{1,000} = \pounds 140,000$$

Companies invest millions above the line persuading

consumers to think about them, to like them, and want what is being sold. Unilever to the tune of just over £140,000,000 last year⁷. You need only isolate a fraction of your external marketing budget to spend inside. The cost of a couple of double page spreads in the Sunday Times could potentially secure you a whole year's worth of employee engagement activity. A little spent inside goes a long long way.

The investment in the power of your brand is there, you just need to harness that power inside.

Breaking out of the boardroom bubble

Performance and profitability are transformed by employee engagement.

The answer lies with the brand and must be led from the top "Hard wired into an organisation's DNA"⁸. When an employee witnesses the values being lived by the senior staff, a sense of trust in the organisation is more likely to develop, and from this comes engagement.

Certainly there is no one size fits all solution. Employee engagement needs to be tailored to each company's unique environment, geography and demographic. It's about seeing the big picture objectively, knowing the right questions to ask.

Putting the power of the brand at the heart of internal and external communications.

⁶ D MacLeod and N Clarke, 'Engaging for Success' A report to Government, 2008

⁷ Nielsen adspends 01 Jan 2010 to 31 Dec 2010

⁸ D MacLeod and N Clarke, 'Engaging for Success' A report to Government, 2008

Getting the inside right is as important as getting the outside right. Getting the inside right is as important as getting the outside right. Getting the inside right is as important as getting the outside right.

If you would like help with joining up your brand experience inside and out, please do get in touch with Jo Moffatt (jo@woodreed.com) or Charlotte Dahl (cdahl@woodreed.com).

We'd be really flattered if you want to use any of the material in this thought piece. The only thing we ask is that you credit us. If you decide you want to use it externally, then we'd be grateful if you could have a little chat about it with us first.



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