“Moving Your Employees Beyond Satisfaction to Full Engagement.”
Topics I Would Like to Address

1. Brief History and Theory of Employee Satisfaction and Engagement

2. Why Does This Matter

3. A Few Case Studies

4. Future Trends
Hertzberg's Two-factor Theory

Source: Hertzberg, Frederick (Jan-Feb 1964) "The Motivation-Hygiene Concept and Problems of Manpower." Personnel Administrator (27) pp 3-7

**Hygiene factors**
- Quality of supervision
- Pay
- Company policies
- Physical working conditions
- Relations with others
- Job security

**Motivation factors**
- Promotion opportunities
- Opportunities for personal growth
- Recognition
- Responsibility
- Achievement

**Job satisfaction**

**Job dissatisfaction**
Relationship Between Two Theories

History of Assessing Employee Satisfaction

- **1970s-80s** How much do I like things here?
- **1990s** How much do I want to be here
- **2000s** Am I aligned with my organization and want to invest discretionary effort?
- **2010s** Am I enabled and supported to do my best work?

**Organizational Response**
- **1970s-80s** Focused on Tangible Environmental Issues
- **1990s** Building Leadership Strength
- **2000s** Employee Engagement
- **2010s** Sustainable Engagement
Case Study

• Leading Electronics Retailer

• Was Profitable/Successful

• Desired to Pursue Greater Profitability

• Miss-understood Their Competitive Advantage Related to Employee Engagement

• Implemented a Major Change in Staffing

• Was Bankrupt and Liquidated Within Two Years of Staffing Change
Circuit City’s Failure to Understand Employee Engagement

How Circuit City Came Undone

$4 billion lost market value
Case Study- The Employee-Customer-Profit Chain at Sears

Corporate Turnaround
• (Mid 1990's)

Workforce Goals for the Turnaround:

• Build a Workforce of Involved and Empowered Employees

• Encourage New Ideas

• Create an Environment in Which Employees Could Realize Their Personal Goals and Develop Their Skills and Abilities
Sears Results

• Start
• $3 Billion
• Loss

• Finish
• $752 million Net Income
• Quantification of the Employee-Customer-Profit Chain

Each 5 point unit of improvement in employee engagement equals a $6 billion improvement in revenue.

Relationship to Shareholder Return

<table>
<thead>
<tr>
<th>Engagement</th>
<th>60-70%</th>
<th>49-60%</th>
<th>&lt;25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSR</td>
<td>24.2%</td>
<td>9.1%</td>
<td>(-)</td>
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</tbody>
</table>

Source: Hewitt Research Brief (online)
“Firms of Endearment”

- Longitudinal Study of Public, Private and International Companies.
- “FoE” Companies Understand and Invest in Employee Engagement.
- Investment Advisor Firm Tracking.
- Sample Companies: Costco, Southwest, Chipotle, etc.

Two Healthcare Examples

AMN Healthcare Survey

- Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) coordinated with value based incentive payments.
- 10/2 % ratio between recommending a hospital and nurse satisfaction.

Texas Children’s Hospital

- Implemented a number of engagement focused initiatives.
- Turnover moved to half the industry average with nurses in the single digits.
- Engagement survey ranked in top 1% of healthcare organizations nationwide.
Some Personal Experiences

• Employee Engagement at the U.S. Securities and Exchange Commission (SEC)

• Process of Leading the Federal Housing Finance Agency to the most Improved Agency in Government in Terms of Employee Engagement.
  - Focus on Leadership Development
  - System of Accountability

• Engagement/Productivity Improvement at the Internal Revenue Service (IRS)
Future Trends

• Continued Focus on Leadership Development and Leader Selection

• Move to Real-time Employee Engagement Data
  • (We have the technology)

• Predictive Algorithms
  • (We will soon have the technology)

• More and more focus on Return on Engagement
Thank you!

It has Been a Pleasure to be With You Today!