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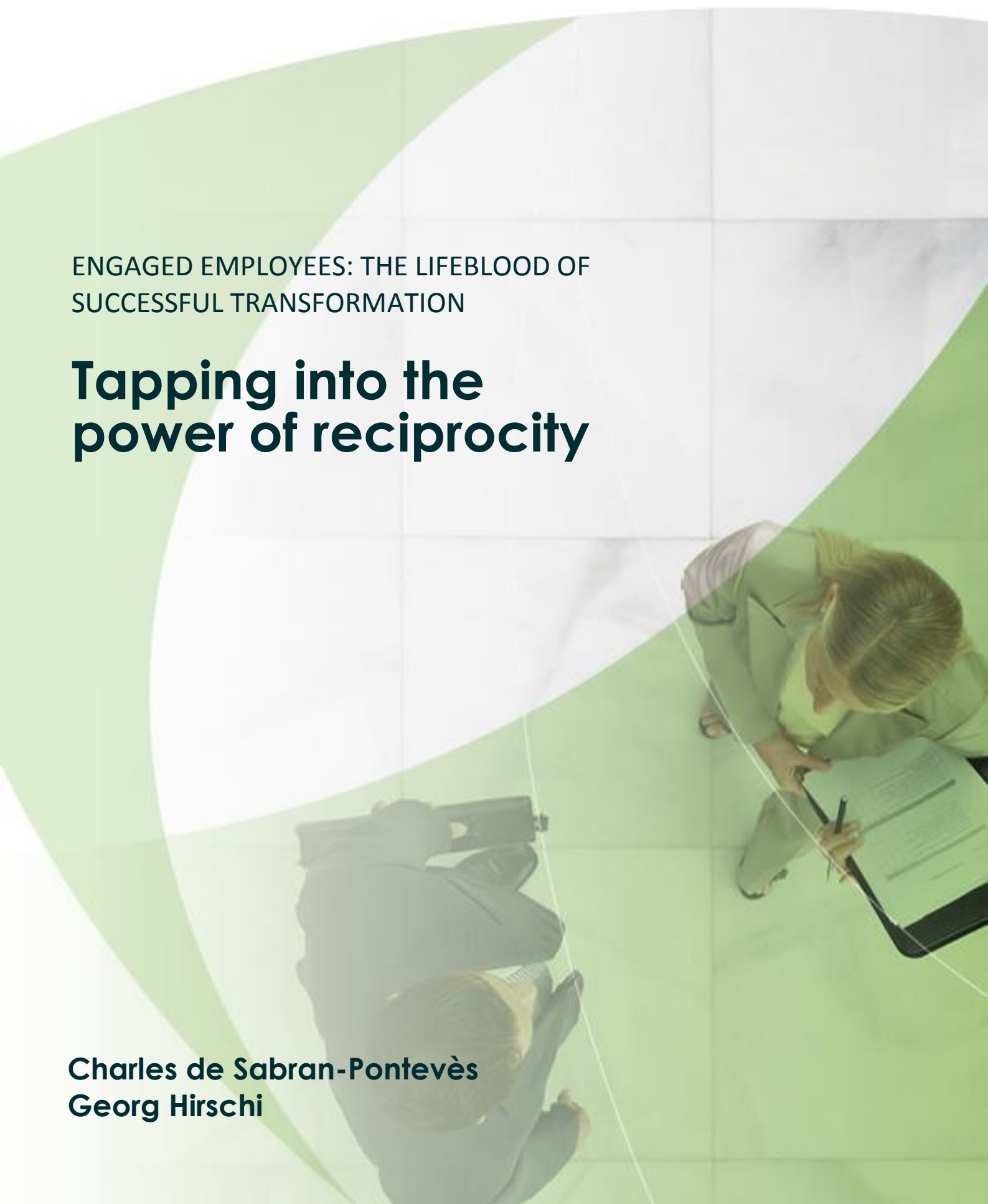


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ENGAGED EMPLOYEES: THE LIFEBLOOD OF
SUCCESSFUL TRANSFORMATION

Tapping into the power of reciprocity

**Charles de Sabran-Pontevès
Georg Hirschi**



Employee engagement is a visible indicator for successful transformation

Findings from a recent Lee Hecht Harrison Penna global survey highlight that companies are experiencing a massive gap between the leadership skills and mindset their leaders currently possess and the skills that organisations need their leaders to have to drive transformation and performance^[2]. There are a number of driving forces behind this gap including changing demographics, globalisation, economic upheavals and regulatory changes but one of the biggest factors is the level of disruption brought about by the digital revolution; this includes the rapid rise of the client's bargaining power facilitated by tools and apps. With employees starting to behave internally "as clients" of their own companies and consequently experiencing the same rise in bargaining power, leaders and organisations are experiencing the impact of this significant shift.

These environmental changes combined with the shift in employee expectations and behaviour are a shock for most companies and the more established and static the organisation, the greater the shock. In their attempt to cope with these changes, leaders of these companies are struggling to deliver the required sustainable transformation because of the lack of one of the biggest indicators of successful transformation: the level of engagement of their teams.

Low engagement continues to plague organisations and their transformation efforts

Although the use of engagement surveys is on the rise, their results year after year show that employee engagement is not. They show a low level of engagement¹ among employees of large companies, from a low of 26% in 2013 up to a slightly higher 32% in recent years.

Gallup tied the level of disengagement to an estimated loss of between \$483 billion and \$605 billion for U.S. companies alone

Engagement is everywhere. Everyone's engaged. You probably feel engaged with your company. Right? The reality is very different. Organisations where employees are truly engaged are the exception – [see the Gallup report](#). Nowhere is this more evident than in the continued failure of ERP and IT projects. [The latest Chaos manifesto report](#) shows the consistent failure of IT projects over not years, but decades² (fig 1). Lack of support from top management and low engagement from managers has, and continues to be, the primary reasons why most IT projects fail.

^[2] Lee Hecht Harrison study on The Leadership Accountability Gap, A Global Study Exploring the Real State of Leadership in Organisations Today, 2017

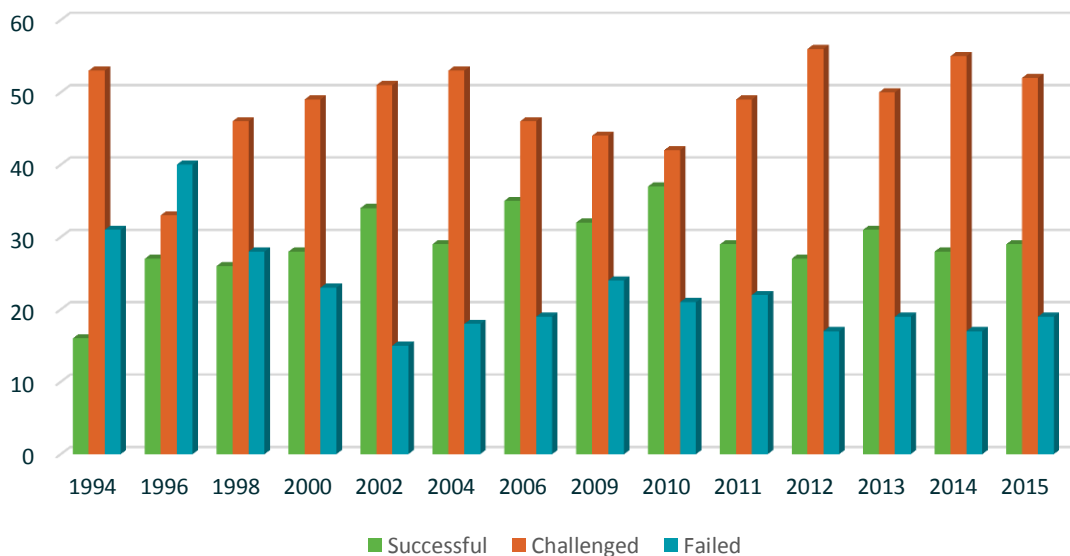
¹ [Gallup 2017 State of the American Workplace Report](#)

² [Chaos manifesto 2011 to 2017, Standish Group](#)

Although the Chaos report focuses specifically on IT projects, the premise is the same for all transformation projects; low employee engagement continues to plague their successful delivery.

Fig.1

Standish Group Chaos Report



Why is engagement so important to deliver transformation?

With no engagement or not enough key stakeholders engaged, leaders simply cannot drive transformation. The best that can be achieved is incremental change which is not sufficient to cope with the level of disruption brought about by the environmental changes.

“ **Nowadays, engagement is so critical because it fuels individuals' energy within an organisation.** ”

With low or no engagement, companies fail to innovate and transform, they stagnate and put themselves at risk of failing or even disappearing.

When the market position is challenged by new competition and other disruptors, when growth is hampered and uncertainty overwhelms leaders and managers, engaged employees are what keep companies afloat.

Although, engagement is favored by inspired and inspiring leaders who show the way and lead by example, it remains an individual and semi-conscious process. The results of engagement are visible through accomplishments beyond the expectations of normal work: employees going the extra mile at no cost to the

organisation. These accomplishments convert great performance into sustainable assets, the kind of assets that make the difference in troubled times.

What does engagement really mean?

The word *engagement* comes from Latin roots and the French word “gage” – a pledge / to pawn in English - which defines something you give away in exchange for something else – i.e. you pawn a piece of jewellery to get cash or freedom. There is the idea of **reciprocity** yet at the same time, it's not a deal between equals because the two parties don't enjoy the same bargaining power.

Looking at the corporate world, engagement works the same way but with a time difference on top: companies require employees to immediately compromise their habits, comfort or job security for the sake of more efficient and more sustainable ways of functioning which will later benefit the company and those who work in it.



Why would anyone possibly agree to do that? Some psychologists have defined engagement in respect to organisations as “a *soumission librement consentie*” or “compliance without pressure”³ - the same paradox one will find with the concept of the pledge. In short, people will accept a solicited sacrifice as long as they feel they have been part of the decision and had a chance to contribute at some point. Does this mean that companies need to hold a democratic vote for any decision impacting the employee? Of course not. However, companies cannot expect to generate engagement if they never give employees a chance to be part of the decision-making process.

How do companies generate engagement?

Over the last 50 years, Lee Hecht Harrison Penna has been supporting countless organisations across all industries with their workforce transformation. We have observed that there are common patterns that explain why some companies and their leaders are successfully transforming their workforce, supported by high employee engagement whereas others fail.

On one hand, there are organisations with limited self-awareness whose historical performances have led them to complacency. They are less focused on market trends and the changing expectations of their clients. They ignore the signals of major transformation of their eco-system and put their future at risk. These companies struggle to identify and address their need for transformation. We call them “static organisations”. Not surprisingly, these static organisations “kill” engagement from their internal stakeholders rather than generate it. They have

³ J. Freedman & S. Fraser, (1966). « Compliance without pressure: the foot-in-the-door technique »

Robert-Vincent Joule et Jean-Léon Beauvois, *La soumission librement consentie : Comment amener les gens à faire librement ce qu'ils doivent faire?*, Presses Universitaires de France, 1998

thrived on a command and control leadership culture because they have rewarded only discipline, execution and short-term results. Therefore, they rarely generate new ideas or innovation as they constantly fail to achieve the conditions necessary to make this happen.

Static organisations might change but they are unable to transform⁴

On the other hand, transforming organisations, known as “agile organisations” are more conscious of their own vulnerability which drives their leaders to adopt sometimes counter intuitive behaviors: they renounce and reprioritise some of their commitments so they can remove obstacles and provide opportunities to managers and employees to contribute to the transformation of the company. They shoot for mastery rather than for control. They trust people and reward small achievements. They accept uncertainty and risks and they learn to navigate ambiguity. As a result of these decisions and commitments, they create the conditions for high engagement.

	STATIC ORGANISATIONS	AGILE ORGANISATIONS
Come from:	historical dominant position, pioneers in their industry, used to regular growth	challenger position, increased awareness of their own vulnerability
Rely on:	execution, control, supervision, targets	excitement, a willingness to contribute, trust, a common aspiration
	speed, discipline	dialogue, energy
	multiple business and financial KPIs	very few KPI, signals and observations
	pressure	focus on fewer priorities supported by some renouncements
	injunctions	reality checks, adjustments
	employees' dedication and fear of being blamed	engagement
Vulnerable to:	energy drain, unsustainable quick wins, inertia, exiting their market	versatility, errors, change fatigue, chaos
Leadership based on:	hierarchy, status, authorizations	accountability across the organisation, multiple feedback loops, trust and permission to fail

⁴ [Lee Hecht Harrison Penna white paper on Transformation vs. Change, 2017](#)

Measure:	mainly quantitative performance	simultaneously effort <u>and</u> value creation measurement, whether direction is right
Can achieve:	incremental change	transformation

What do transforming and agile organisations do differently from others to boost engagement?

Lee Hecht Harrison Penna has identified four critical factors which transforming and agile organisations consistently apply to boost engagement of their managers and employees.

1. Frame the transformation as an adventure

“I am definitively more willing to engage when I understand what the project is all about and the initiative serves a superior goal I connect with.”

Transforming organisations frame transformation projects as adventures so that they stand out amongst other high priority projects in which managers and employees are already involved. These organisations avoid the pitfall of confusing business plans or targets with an adventure. A business plan speaks to the rational part of our brain whereas the adventure speaks to our emotions and gut. Because the telling of an adventure connects us to our emotions, we are more connected to the prospect of this adventure than to an obviously needed but purely rational business target.

People are excited to pursue superior goals, something big, hairy and audacious⁵, beyond the regular corporate horizon: the survival of the company, reshaping the whole industry, complete redefinition of the client or employee experience etc. Here clarity is critical and leaders need to put an equal effort into conveying the purpose – the WHY - and the destination and efforts expected from the stakeholders – the HOW. Transforming companies make sure managers and employees quickly understand these three dimensions:

- Why is this unavoidable?
- What is the destination? What desirable upside does this make possible? What will we learn on the way? Ultimately what do individuals get in return for their effort?
- What are the costs or the “losses” at the individual level which are needed to achieve the transformation?

⁵ “BHAG” - Big Hairy Audacious Goals as defined by Collins, Jim & Porras, Jerry I. (1994). Built To Last: Successful Habits of Visionary Companies. Harper Business

The engagement journey starts with a reciprocal understanding of the ingredients of this adventure and an awareness of what is expected from each stakeholder.

2. Have leaders give something of themselves

“When I do a pledge, it’s a deal: it costs me something and I get something in return which I think vital or at least worthwhile to me making my effort”

Transforming organisations know that it’s not enough to have set clear foundations for the transformation to happen and for the engagement to be generated. “Let’s do it!” are the magic words a leader wants to hear from their team which demonstrate their engagement. To get there, the leader has one big decision to make: ***how much do I expose myself for the credibility of this transformation project?***

Reciprocity is everything with engagement: the more you give of yourself, the more engagement you receive in return.

- Dare to tell the “ugly truth” about where the organisation is starting from – market situation, assets, challenges, weaknesses, contradictions etc. As a result people will feel treated as adults which increases their willingness to engage.
- Renounce some established priorities – or postpone them – to demonstrate personal “sacrifice”. People want to follow a leader who recognises the reality they are living. Showing beyond empathy, a true understanding of how your employees operate creates engagement.
- Pointing out and removing unnecessary obstacles for staff and managers will give them time and energy to drive the required transformation. Feeling listened to and supported, they will recognise your effort which encourages them to engage more.
- Adopt changes in your own habits or patterns to stick to the mindset of the ongoing transformation you are leading i.e. if digital is the thing, then remove offline systems from the day-to-day working habit etc.
- Take risks, then the adventure becomes real and people get excited.

The trick here is that engagement is both a personal journey yet one that happens within a collective set up where everyone observes each other. Every sacrifice a leader makes will build credit and engagement leading to the required critical mass of stakeholders buying into the transformation.

3. Take time early to avoid losing more later

“Once I am told the adventure I can be part of and I see the leader committing at their own level, I might still have questions, concerns or propositions I want to make before engaging fully”

Engagement is a slow nonlinear process which makes it difficult to track at the beginning. As a result, many companies fall into the trap of becoming impatient and get caught into accelerating the transformation too early. Transforming organisations resist impatience and give time for a dialogue to develop with the stakeholders so that their curiosity or anxiety can be converted into sustainable engagement.

Successful organisations accept that at the beginning of any transformation, the audience is fragmented in respect to their level of buy in and prevent their leaders from drawing conclusions too early on who is in and who is not. They accept that engagement at the beginning is varied and dynamic and encourage that to be ok. Would you feel safe with 99% of your employees feeling enthusiastic about a restructuring operation?

Sociodynamic theory tells us that at the initial step of any project the vast majority of the players are “passive” and the rest are split between “supporters” and “opponents”. So get ready for multiple interactions to convert this “passive” crowd into allies. It takes time and you need to stay patient to perform your pedagogical role.

Sometimes, accepting or, even better, creating the scene for an honest and potentially controversial initial discussion with stakeholders will save you weeks or months of resistance later on in the process. To let stakeholders speak up early is one of the most powerful engagement tools. People may simply be wanting to express their emotions i.e. anxiety, fear of failing, discomfort with changing patterns and expect their leaders to listen and acknowledge their feelings, not necessarily modify the project.

4. Deliberately leave space and freedom for contribution

“The more I can contribute to the definition of the transformation, the more I will feel I own it”

As people’s engagement can only be observed in action, it’s in the best interests of leaders and organisations to allow stakeholders to contribute to the definition of the transformation. The “WHY” and the “WHAT” are a given, it’s around the “HOW” that people can easily contribute. The point here is to deliberately leave open some dimensions of the implementation – scope, path, player - so that managers and employees can give their view and bring ideas on how things could be done. If you achieve that, you’re well on your way to a successful transformation because these propositions demonstrate that this project is in fact already “their” project.

“ There is another counter intuitive leadership behavior needed to boost engagement: trust and dare to let go!



Having a transformation project owned by multiple individuals in the organisation means that it's no longer owned by a small group of leaders. Trust in the corporate world could be defined as: letting someone else make a decision which impacts you, knowing she/he will do it in the company's best interest and that reciprocity will keep everyone reasonable. Trust is recognised through piece of evidence.

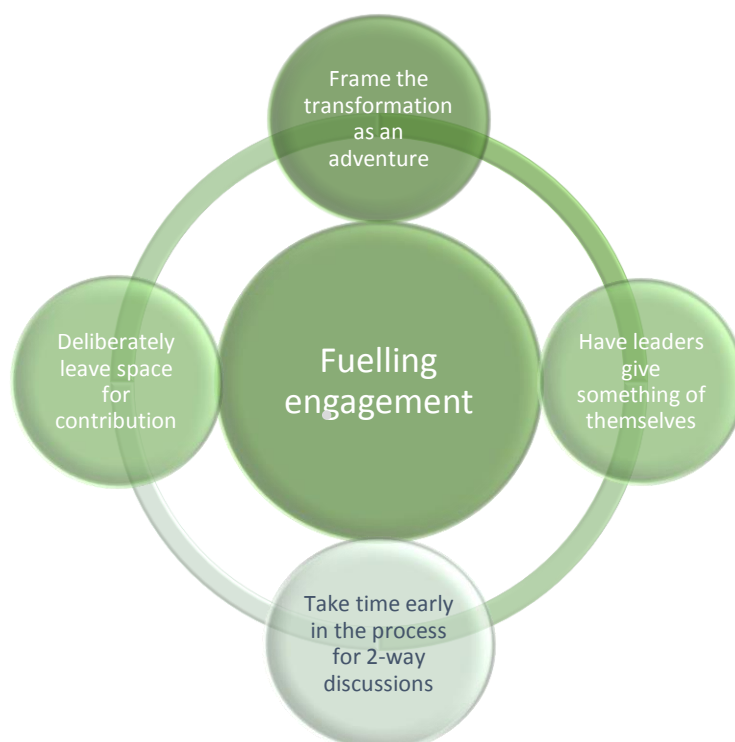
As a leader willing and needing to engage people, you need to find topics where people can contribute freely – either they seize the opportunity or not – and then let go. You step back, don't interfere and let them come up with ideas and propositions – then you can use your right to veto.

One of our clients, a CEO in the Insurance industry in Europe, demonstrated how powerful trust is on people's engagement. He needed to completely shift the managers' mindset from an expert command and control leadership style to a collaborative, coaching and team player style. He decided he would not determine the four pillars of the new leadership model but instead set up a task force of middle managers. He attended the sessions as a simple manager, listening, contributing without imposing his views and he let go. Now this leadership model is disseminated into his organisation, fully owned because it resonates with the managers' words. It's everyone's model.

In short, engagement can be the most sustainable source of energy in your organisation.

Without this vital ingredient, transformation projects risk stalling, not yielding the full results required or even failing completely.

It's therefore essential to invest the time and energy in creating the conditions for sustainable engagement and fully committing yourself and the organisation to the transformation journey.



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