

# Ernst Enterprises Newsletter



## High Employee Engagement Pays!

***Studies show a strong connection between  
engagement and business results.***

The August 2009 Gallup Employee Engagement Index reported that only 33% of workers are engaged in their jobs, 49% are not engaged, and 18% are actively disengaged. Looking at this data we can infer that almost 67% of your workforce is not engaged in your business.

What exactly is employee engagement? I have heard some clients describe employee engagement as one of those "feely touchy" issues --- and not worth investing money to improve because the ROI is not obvious or easily determined.

I couldn't disagree more. In this month's HR Magazine an engaged employee is defined as one who works with passion and a strong connection to their company. They drive innovation and move the organization forward. A non-engaged employee is defined as being essentially "checked-out". "They sleepwalk through workdays. They put in time but don't approach their work with energy or passion."

The risk is that a disengaged employee will "infect" others with their attitude of doing the minimal required to get by. The old adage of "one rotten apple spoils the barrel" is unfortunately too true in organizations.

But, attitude is not the real issue: productivity and results are! This is why **engagement** should be your focus. Studies of companies with more engaged employees show that they:

- Are 12% more profitable (Gallup, 2009)
- Have 19% higher operating income (Towers-Perrin, 2008)

- Have 6% higher operating margins (Towers-Perrin, 2003)
- Have 3% higher net profit margins (Towers-Perrin, 2003)
- Have double-digit growth rates versus single-digit (Hewitt, 2004)
- Have 18% greater employee productivity (Gallop, 2009)
- Have 20% greater employee performance (CLC, 2004)

## **MANAGERS MAKE THE DIFFERENCE**

McKinsey and The London School of Economics found: "Organizations that develop managerial competencies perform significantly better in:

1. Sales per employee
2. Market share growth
3. Market capitalization
4. Sales growth percentage
5. Return on capital employed"

There *is* a connection between management competencies and business results. And that connection runs straight through the level of engagement managers can generate in the people reporting to them, as the ASTD-Dale Carnegie Employee Engagement Study found:

- The relationship between employees and their immediate supervisor is the most important factor influencing engagement.
- Managers must be held accountable for the engagement of their employees.

## **YOU NEED TO START AT THE TOP**

If you are convinced that increasing the engagement of your people can make a difference in your business results, you need to start at the top:

- First, you need to build leadership team solidarity. If your leadership team is not engaged, no one in your organization will be!
- Next, present a compelling business story to everyone in your company. Each person knowing the "bigger purpose" of their job provides the foundation for engagement.
- Finally, and most importantly, make each of your managers personally responsible for the engagement of the people reporting to them. As research has shown, engagement is driven by each and every manager.

Lastly, it's not about more pay and better benefits. So long as pay and benefits are competitive, your compensation programs are doing their part. The impact of a raise or a bonus is gone after a few weeks. The key is changing employee connections and commitments to the company.

## **NEXT STEPS**

How can you determine if your employees are sufficiently engaged? How can you know where to focus your efforts to increase their engagement? The Conference Board, which produces the Consumer Confidence Index and the Index of Leading Economic Indicators, has conducted a landmark research study into employee engagement. The result is their Global Employee Engagement Survey™, which is the most thoroughly developed and valid survey of its kind. The

Engagement Survey™, which is the most thoroughly developed and valid survey of its kind. The Conference Board has licensed their survey to Louis Allen Worldwide, with whom we are partnering to offer this survey to our clients.

Call Dawn Bremer today at 847/456-6334 to schedule a no-cost appointment to discuss The Conference Board's Global Employee Engagement Survey™. We have the expertise and experience to assess your business and to recommend actions that will improve engagement, productivity, and your business results!

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Sincerely,

*Mark*

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