

Hit A
Wall?
**CHANGE
THE
RULES
OF
ENGAGEMENT**



Overcome HR
hurdles with
new ways
to achieve
successful
outcomes.

In 2014,

I went for a run. A very long run. Fifty-five miles from the top of the Grand Canyon to the bottom up the other side then back. As with any marathon effort like that, there comes a point at which you risk “hitting the wall” and need to find a way to break through your fatigue, loss of energy and mental exhaustion.

Those who manage a business today, especially a growing one, experience the same effect. The more you try to control costs, and improve processes to keep your workforce happy and productive for the success of the business, the more you’re going to face hitting that wall. The usual tactics — cutting production costs, shifting workforce costs to employees, gutting human resource programs, bringing in technology

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and laying off employees — are showing diminishing returns and have left many employers (not to mention employees) tired and discouraged.

Doing the same thing over and over and expecting the result to be different is a classic definition of insanity, yet that's exactly what we see as the various "runners" of a business compete to put their interests up front. Two dominant players have a stake in the enterprise — finance managers need to manage cost and risk, and human resource managers need to deliver the right talent as well as keep employees productive and engaged.

But there's a third runner on the course, whose voice is being drowned out or is completely silent. Too often, discussions about an employer's expenditure on its compensation, benefits and other human resource programs take place without seeking any real contribution from the very resources that a business depends on most — its employees. And in

uncertain economic times, concentrating on the voice of the employee can help businesses plow through the wall and realize the best outcomes for both worker and employer.

"Employee engagement" needs to be more than a hollow business cliché. Businesses need to evolve constantly — and to break through the wall, they're going to need new ideas, new rules of engagement. Even the most brilliant strategies will come to nothing much if there's no one capable of fulfilling the vision. When companies make decisions that affect their people, it's a serious oversight not to listen to understand and respond to the concerns of employees. In order to achieve the maximum return on their investments, business leaders need to focus on what will provide the best outcomes for both the employer and the employee. After all, what's good for one can be good for the other.

Crunch Numbers, Not People

Traditionally, Finance has needed to identify and manage both cost and risk. Now, especially since the recession, chief financial officers are more involved in the strategic direction of a business. And while that means improved financial reporting, sharper forecasting and the pressures of increased compliance requirements, the chief financial officer also needs to communicate financial information with employees in a way that demonstrates clearly how the work each employee does is directly related to the numbers. That means they need to factor people into their equations.

At the same time, as developed markets move from an industrial to a knowledge-based economy, finding and keeping the right talent have become pivotal to business success. With this shift, the human resource department has assumed a more strategic role, one that demonstrates the connection between people and financial performance. To be successful, chief human resource officers need more effective strategies to

find, reward and develop — in other words, truly engage — their people.

Give to Receive

Now is the perfect time for both groups to get into alignment on their most precious resource: their people. This means not just getting the most from employees, but giving them what they need to achieve their career, health and wealth goals. Examples could be programs that offer development and rewards in employee work, ways to improve their physical health and opportunities and incentives to become financially healthy.

In a 2013 Harvard Business Review report, Mike Rickheim, senior vice president of talent management at Newell Rubbermaid, a global consumer goods company, explained that engagement "is not just a warm, fuzzy thing. It's about giving people the tools they need to succeed in their careers, which in turn drives the outcomes that we're seeking in the marketplace. When you look at it through that lens, when people have the tools they need to succeed, feel good about their personal growth opportunities and receive the appropriate rewards and recognition for their contributions, it's a win-win proposition."

Every employer can afford to invest a certain amount in its people, based on its business model and competitive landscape. Whatever the level of expenditure, it's important to find ways to realize the best possible return on that investment for both the employer and employee. One way to accomplish that is to create an environment that fosters effective employee engagement.

Communicating corporate actions in a clear, specific and honest way is critical. Employers have to ensure they're delivering the message in ways that employees can understand. By addressing the larger issue of having to manage costs and explaining what options the company faces, employees can appreciate this isn't an easy decision. While they might not like the outcome,

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they will respect the company's openness and transparency.

Communication and engagement go hand-in-hand. If a company decides to offer a new program, but doesn't effectively communicate this offering to employees, then it's not likely that many will enroll. Employers have to take the time and effort to consider the program's effect on employees and how they perceive it.

Five New Rules of Engagement

To get the best outcome for both the employer and employee and to ensure employees take advantage of solutions and programs offered — to push through the runner's wall — I propose following these five new rules of engagement:

Align the needs of your business and your people. The Harvard Business Review study found that the most commonly cited characteristic of a successful business is a focus on achieving individual goals that are

tied to organizational goals. Every employee should know how his or her actions contribute to the organization's success, and that the company will in turn help the employee succeed. And this needs to be more than lip service.

Media and telecommunications company Comcast, one of our clients, has developed an employee benefits philosophy that realizes this alignment perfectly. Its foundational tenets are to "help all employees perform at their best, help each of the company's businesses perform at their best and responsibly manage the investments the business and the employees make in the program." It's a good example of how a company's business strategy, vision and values should not only be consistent in and of themselves, but should inform the employer's human capital strategy, total rewards philosophy, etc.

Create an integrated human capital strategy. An integrated human capital strategy — one that is designed

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to address the career, health and wealth needs of employees — will give the organization a competitive advantage by having employees who are engaged in meeting the company's business goals.

Talent management and benefits programs need to work together. Without a program to help with financial wellness, a benefits program that shifts additional costs to employees isn't going to help them focus on the job. Performance will almost always suffer, and the employee can't properly perform and develop into a competitive asset for the business.

Establish a budget that supports your philosophy. A human resource budget that is fiscally responsible and articulates a total rewards and talent management philosophy can help guide the development of programs that have the greatest potential for delivering the maximum return on investment.

Human resource programs and initiatives need to address recruitment,

retention and engagement by answering these questions: Who do you need to hire to support your business goals? With whom do you compete for talent? Are there specific skills that are critical for growth? Are incentives designed to drive immediate results? Are compensation programs aligned with the business' objectives? Are employees given the tools they need to perform their jobs? Are there programs in place to support employees' health and well-being so that they can perform at their best? Providing answers to these questions can help to create cost-efficient programs that meet the needs of the employer and its employees.

Talk candidly about business challenges. Encourage open discussion with employees regarding your total rewards philosophy and strategy. Listening to employee feedback can help an organization meet its employees' needs and link them with the organization's business philosophy and strategy. It starts with understanding what employees want, need and think about your programs. Listening to how employees would spend available dollars for benefits or training often leads to surprising results. They understand there is a finite amount that can be spent, and including them in the conversation leads to greater buy-in. Similarly, you can help employees understand the company's goals by sharing the business strategy and rewards philosophy and demonstrating how its human capital programs (career, health and wealth programs) support them.

Help employees realize the full value of the company's investment in them. Let employees understand the investment the business has made in them by providing the necessary information, tools and resources to drive maximum engagement. Do employees have the information they need, when they need it? Can they perform the tasks that you are asking them to do?

Employees should understand the total rewards philosophy, including why they get the pay they get and

what their benefits do for them. In addition, organizations that invest in programs should make sure employees want, need and can use them. Ensuring employees understand their value and their role in a company's success is key to helping them take advantage of the tools and resources available to them.

Combining Art and Science

I, myself, am an actuary by training, so I have a strong leaning toward science — hard data, deep analytics and solid proof of value and return on investment. But the new talent engagement conversation is no longer just about the numbers. Putting the right programs in place to engage employees takes an artful balance of judgment, innovation and insight into how employees view their success and how that aligns with company goals to drive the business forward.

When faced with any business challenge, following these new rules of engagement will help employers find the best possible outcome for both the company and its employees. They ensure employers get the best possible return on their investment in the employee, leading to a happier and more productive workforce, which ultimately drives business growth. If finance and human resources can align and give the best to their people, they will in turn receive the best, resulting in a more successful workplace environment for all.

That's what's needed to push through once you "hit the wall." 

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