

Engaging Employees -- The Key to Success

This is our fourth letter on what companies can do to become more competitive in today's economic environment. It briefly describes the value of having employees fully involved and committed to their company's success and what companies need to do to attain this truly remarkable advantage.

Executives always talk about how important it is to have every employee fully engaged and committed for their company to be successful. Many say they have accomplished this. In truth, only a few have. Most companies fall short of this goal simply because it takes a lot of work, commitment and resources to create the environment where this can happen.

But every company that succeeds says the reward is well worth the journey. This is because insurance companies that have fully engaged employees have significantly lower operating costs, faster growth, better customer persistency and policy retention, consistently higher profits and a better overall financial position. This easily results in double-digit financial improvements and it reoccurs every year. Fully engaging employees is one of the best ways to reposition a company for long-term success. At our management consulting firm, we consider this to be a "fundamental change" because it not only creates benefits by itself, it creates an environment that fosters a constant flow of other changes. It changes the way a company operates in a very fundamental way.

Here is an outline of the steps that will create this new environment and culture:

1. Make sure each team and unit have clear, complete business goals and objectives and each employee understands what he or she must accomplish to support their team. You want to create a situation where each employee has personal goals that support their team, each team has goals that support their department or profit center and each department has goals that support the company's objectives. Make sure that each goal is based on the team's customers and stakeholders needs, wants and expectations. Be careful to ensure the goals are based on each team's specific accountabilities but also support the goals of their department or profit center. This creates a mosaic of goals and results that ensures the overall company's success. This approach also makes sure each employee understands why he or she is important and necessary for the company to be successful.

Teams and individuals then use these goals when they make day-to-day decisions. This ensures that each individual's decisions and performance support his or her team's goals.

2. Hold each employee accountable for his or her results and the results of their team. Goals are meaningless unless there is 1) continual feedback on both team and individual results and 2) these results have a meaningful impact on careers, compensation and status. The best way to accomplish this is with weekly team meetings -- to review results, identify situations needing improvement, decide on actions or projects needed and celebrate individual and team successes.

As employees become more accountable for their own actions and results, managers spend less time directing employees. Employees no longer need daily guidance. Formal performance evaluations are easier and faster because employees already know and accept how they are performing. Career planning becomes more important and easier to do.

3. Intensely focus on efficiency, effectiveness and customer satisfaction. Redesign the way you do your work from the bottom up. Start by eliminating obstacles. Make the easy improvements that will yield worthwhile results quickly. This gets everyone enthused and creates the momentum you need.

Then move to a larger analysis of how to do things in an “ideal” way. This involves broader, usually interdepartmental analyses that 1) determines the results you ultimately want to accomplish, 2) outlines the blueprint of the best way to get these results and 3) identifies the specific changes needed to get from where you are to where you want to be. This analysis will create major improvements in cost, effectiveness and customer satisfaction and will frequently require organizational changes.

4. Put the right people together to get the job done. Having motivated teams of employees is wonderful but their effectiveness will be either enhanced or limited by your organization structure. If their structure is not the best, they will not be able to excel. Make sure you have the right people together to produce the most efficient and effective results with the least amount of management intervention.

Design your structure from the outside in and from the bottom up. The best structure is the result of the best way to meet the needs and expectations of customers. It goes hand-in-hand with the most efficient and effective way of doing work. Most companies start with functional structures because that is the easiest way to begin. Do not stay in this mode unless it remains the best for your customers. Examine other ways of delivering service that are more customer-focused and more effective. Structure should allow and help employees be accountable for the results you need.

As you look at structure and consider changes, review what you want your managers to do, how you will use technical and professional employees and the broadest spans of control you want to attain. In most cases, improving your structure will yield significant reductions in operating costs.

5. Give everyone a personal stake in excellence by rewarding them when they surpass their goals. Having engaged employees is not enough. You want them engaged in the right way. You want each employee to act like an owner of his or her own business; concerned about reducing expenses, increasing sales, retaining customers and delighting customers. You want employees and teams who are not satisfied with just doing their jobs well. You want employees who decide to raise the “performance bar” and want to consistently excel. This translates into surpassing all of their goals each month and doing it at a lower cost.

The best way to attain this level of intensity is to introduce a team based incentive plan where team members share in financial results they create when they excel. Receiving these incentives reinforces behaviors that create the business results and performance intensity the company needs to be successful, regardless of the marketing environment.

6. Adopt an open team environment that promotes creativity. Open the floodgates to new ideas from everyone. Institutionalize this increased level of change as normal and continually reward everyone for creativity. Teams should meet regularly (weekly) not only to review goals, results, projects and plans but to explore and experiment with new ideas. Keep each employee involved and committed.

7. Make sure you have the right planning and control tools. If you do not have staffing models, get them. Plan annually, monthly and weekly. Require cost/benefit analyses for significant efforts. Make sure every effort, including training, delivers a quantifiable and worthwhile benefit.

Few companies can make the changes described in this letter without the help of a management consultant who specializes in these activities. We started our firm 15 years ago to help insurance companies with this type of effort. Give us a call. We would love to talk to you about how to proceed.

Also, please visit our web sight at McDonaldConsultingGroup.com, where you will find further explanations of these ideas (and other exciting ideas) in our Concepts and Ideas section. We also have some case studies that you might find interesting.