

Consider employees' impact on the bottom line

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Beyond annual reviews and vague individual employee objectives, best practice companies continually strive to measure increases in productivity with their revenue growth and business goals. Studies consistently demonstrate that setting specific corporate goals improves productivity — sometimes as much as 30 percent.

The key is to effectively link corporate goals with employee objectives so employees understand their impact on the bottom line. When done, your company will have all the pieces of a puzzle to gain a competitive advantage.

High-performing firms that do this effectively have developed a process for sharing and monitoring organizational goals with employee objectives. This process is referred to as a Performance Management System. Performance management ensures that organizations are aligned from top to bottom, and working together in an optimum manner to achieve an organization's desired results. This includes critical processes, departments and employees.

Employees are a critical function of a performance management system as they are the most important representatives of your brand — brand evangelists. Engaged employees effectively help market your brand to customers, and also can become your best recruiters for new employees. They can become corporate ambassadors, and believe it or not, money is not their primary motivator.

Of course, the only way to truly know is to ask. Nationally, items such as recognition, training, career advancement, and learning new things always rank higher for employee motivations. If employees are engaged and aligned in your company, and have a clear understanding of your corporate goals and how they

can impact these goals, their level of productivity increases. They treat customers better (customers sense when employees are happy), complete customer satisfaction and loyalty occur, and the result is more growth for your company.

Yes, this sounds simple, and it is. Employees continue to rank very high on items of importance for chief executive officers and organizational leaders. Yet, in the more than 200 companies I've spoken with during the past few years, only a handful truly have a comprehensive performance management system in place.

One client's experience

Here's how it works for one of our clients. While this client has a performance management system and advancement opportunities for all employees, this example focuses on its top performers. Acquisitions are a core part of their strategic plan. Their plan is communicated to employees each quarter via various communication vehicles, and each month, a key goal in the plan (e.g., acquisitions) is discussed in detail. Employees know the strategic plan and corporate goals, and understand them.

Each month, the leadership team meets for up to four hours to discuss top performing employees. They have more than 5,500 employees globally, and through their detailed process, they have identified a mere 60 employees — 1 percent — as being the "best of the best." This group of 60 knows they are on this list and the employees, human resource professionals and company leaders have collaborated on specific skills and training for these individuals.

When an acquisition occurs, the leadership team determines the three to four employees that may best be qualified to lead the respective acquisition process — participating in due

diligence and leading integration efforts. These employees already know they will be requested to do this, as they understand the importance of acquisitions to the corporate goals. These employees "interview" for the role and one is selected to lead the acquisition efforts. This also becomes a core component of their individual leadership development program.

In this instance, this company was focused on linking acquisitions to development, and they requested our assistance to create an Acquisition Field Guide. The guide serves to educate all employees on the acquisition process (so acquisitions are process dependent and not people dependent) and works as a career advancement opportunity for the selected acquisition leader. The company understands the importance in investing in tools to help its employees succeed. The result, in addition to successful acquisition efforts, is complete linkage from employees to departments to corporate goals.

How the process works

Viewed another way, a performance management system consists of a complete process of the following:

Strategic plan: Your company must have a strategic plan, and it must communicate this plan and the corporate goals to all employees. In addition, the plan must be reviewed continuously — not once per year. Research indicates that companies that continuously review their strategic plans make 150 percent more strategic decisions annually than those that do not.

Department objectives: Once corporate goals are determined, these should be linked to each department. For example, if a corporate goal is to introduce a new product, the marketing department ultimately may be responsible for this. The marketing leader will make this corporate goal a part of his/her department objectives and communicate accordingly with department employees.

Employee objectives: Using >>

the new product example, one or two employees may be responsible for leading the new product objective. This becomes part of their annual objectives, thus creating a "line-of-sight" process from the employees to the department to the corporate goals in the strategic plan.

Two other necessary components for success include measurement and communication. Measurement is the foundation for the system as it is the method to effectively track and determine employee needs and if/how employees are impacting the bottom line. This can be accomplished in a variety of ways relating to employee satisfaction, employee engagement, and a 360-degree assessment.

Many companies may do one of these; however, they may not be aligned with corporate goals and/or effectively communicated to employees. Our research indicates that a combination of at least the employee satisfaction and employee engagement is recommended, and for high-performing employees (e.g., the 60 employees in the example above), employee satisfaction and engagement should be combined into a 360 assessment.

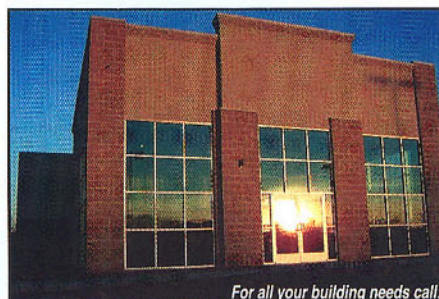
A 360 assessment works best (and most cost-effectively) in an electronic format by e-mailing employees an individualized Web link that they forward via e-mail to up to seven peers of their choosing, along with their leader and/or direct reports. This link allows respondents to take a questionnaire that, when complete, forms a comprehensive view of employees. This becomes the basis of their individual training and development plan.

Communication becomes the final step in the process. A comprehensive employee communication plan should encompass the process and ensure that information is cascaded to all employees through a variety of venues. If employees don't understand what is occurring in the organization, how can they truly be as productive as you want them to be to achieve your business goals and maximize profitability and productivity?

Ongoing commitment

To ensure continued success, the system needs to occur on a continuous basis. There needs to be a constant communication loop between the corporate strategy and employees. A corporate scorecard should be created with the corporate goals. As part of the communication, the measurement should be tracked using a simple green, yellow, red light so employees know which corporate goals are doing well and which aren't. When linked to employee objectives, these objectives use a similar green, yellow, red system so employees always know how they are doing as well. The alignment is completed as all employees now know how they are contributing to your bottom line.

While there are many organizations that conduct employee questionnaires, communication plans and strategic plans; a key to the process is to partner with an organization that has the knowledge and expertise to effectively connect these elements together throughout your business. Without this, you'll be back to having puzzle pieces that don't accurately fit. **M_p**



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