

# Rethinking Employee Engagement

By now, it is well understood that the benefits of an engaged workforce are just too significant to ignore. Increased revenue and profit, fewer employee sick days, lower cost of hiring, better employee retention... and the list goes on. The concept, and its associated benefits, seem simple enough. Author Kevin Kruse [concisely defines](#) employee engagement as, "The emotional commitment an employee has to the organization and its goals, resulting in the use of discretionary effort," where the collective discretionary effort put forth by an engaged workforce has a direct impact on growth and profit.

However, despite its apparent simplicity—and the upwards of [\\$720M companies invest](#) yearly in an effort to "engage" their workforces through things like employee incentive programs, innovative training practices, experiential perks and costly office remodels—little good has come from it. In fact, employee disengagement still costs U.S. companies between [\\$450-550 billion](#) in lost productivity per year. According to Gallup, even after a cumulative investment of over \$4 billion over the last five years, very little change has been realized, and worldwide employee engagement sits at an average of 13% (U.S. is 32%). Furthermore, employee workforces are more nomadic now than ever before, roaming from employer to employer on average [every 4.4 years](#). To Millennials, the entire concept of a traditional career, and employee loyalty is laughably outdated—their tenure is expected to be half of that.

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Some brands have been nimble enough to recognize these changes and have managed to succeed, not only with their customers, but with their employees as well. Consider Netflix, Southwest Airlines, WestJet and Whole Foods, all competing in

highly commoditized categories, winning disproportionate amounts of market share, as well as irrational engagement from the bulk of their employees. Brands like these are finding ways to successfully engage their workforces by going beyond the traditional HR playbook, and tapping into several truths that allow them to connect with their internal audiences.

So, what are these brands, and many others like them, doing differently than the vast majority of North American companies, in order to reap the benefits of a highly engaged and passionate group of employees? In our experience, working with dozens of organizations to assess the engagement of their internal audiences, there are several recurring themes that influence the effectiveness of existing efforts:

1. They prioritize making brand advocates of their internal audience over their external customers.
2. They invest greater effort addressing the root causes of poor engagement, and less effort on treating the symptoms.
3. They effectively unite their workforce under a shared purpose and values that employees can wholeheartedly buy into.

## Human Beings, Not Human Resources

The trends impacting engaged employees are nearly identical to those influencing external consumer behavior. Just like customers, employees are more promiscuous than ever, and are making decisions about where they spend their workdays with a whole host of factors that HR professionals are unprepared to address. Traditional HR activities, such as benefits administration, risk mitigation, and performance reviews have [proven ineffective](#) at engaging the most desirable employees, in just the same way that traditional advertising activities are ineffective at establishing brand advocacy amongst consumers.

The most successful brands treat employees more like customers and less like resources. They invest significant effort in fostering genuine brand attachment amongst them. After all, what better indicator of brand attachment than someone who seeks employment with a brand, becomes a passionate advocate, gives their all, works late when needed, and holds the company's interests at heart for many years to come.



Zappos has a long-established culture of acceptance and inclusivity where individuality is celebrated, translating into highly engaged employees that live the brand's commitment to customer service.

**Zappos** is a brand that enjoys the advantages of highly loyal customers (like never discounting its merchandise), attributed to their employees' utter devotion to astonishing online shoppers through exceptional service, unmatched in their category. Their devotion is the result of Zappos' highly inclusive brand culture, which embraces and celebrates the uniqueness of every individual within the company, and encourages personal connections between them. Beyond personalizing their workspaces, employees are encouraged to bring their [whole self](#) to work. "If you have piercings, if you have tattoos—none of that impacts your ability to do your job," [explained](#) Christa Foley of the Zappos Insights team. "If you're forced to work somewhere where you have to hide any of that, or not show that, you're not bringing your whole self to the company." Zappos founder and CEO, Tony Hsieh, has even gone so far as to invest \$350 million into [transforming the communities](#) proximate to Zappos' downtown Las Vegas headquarters into highly desirable places for current and potential employees to live.

Plenty of [research suggests](#) that internal advocacy is influenced by an increasingly complex set of factors, and marketing practitioners—more so than HR practitioners—are better equipped to motivate it, by deploying their unique skill sets, and the sizeable resources at their disposal—just as they do to create external brand evangelists.

### **Treat The Disease, Not The Symptoms**

Failed employee engagement strategies are typically the result of an organization failing to identify the real causes of disengaged employees. Consequently, they end up treating the most immediate, undesirable symptoms, rather than actually taking the time to understand and address the root causes of them.

For example, organizations often accept high rates of employee turnover and create recruiting practices designed to fill the pipeline with candidates, rather than plug the leaky bucket. Or, they invest in pay raises, and improved benefit packages (a.k.a. bribery), hoping to delay resignations. Or they foolishly believe superficial perks like fun break rooms, foosball tables, and "bring your dog to work days" will distract employees from the substantive issues causing their discontent. None of these things are bad, but organizations applying these "treatments" shouldn't expect the core problem to go away. That's analogous to a doctor treating a brain tumour with a painkiller. It may reduce the headache, but the problem still persists, and will likely worsen.

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Conversely, the most successful organizations take the time to properly diagnose the problems they identify within their cultures and invest effort immediately, and with consistency, to address the root issues. Knowing where to invest engagement efforts is critical to seeing the needle move within your organization.

Pundits accredit **Starbucks'** turnaround to the recalibration of its brand culture following the return of founder and CEO, Howard Schultz, who, upon reinstatement, temporarily closed 7,100 stores in 2008 to retrain staff. In his book, *Onward*, Schultz explains, "[Employees] are the true ambassadors of our brand, the real merchants of romance and theater, and as such the primary catalysts for delighting customers." Armed with an intimate understanding of his employees' lives, Schultz introduced employee health insurance (unheard of in the category), increased base salaries of front-line staff, and started a program to pay for workers' [post-secondary tuition](#). Most notably, Schultz redirected \$35 million towards "Leadership Lab," an elaborate, experiential marketing initiative designed to turn 9,600 store managers into evangelical ambassadors. Fast Company writer, Sarah Kessler, was overwhelmed by the event, prompting her to [proclaim](#), "If Starbucks can give all of its managers, and by extension, their store employees, the same feeling, it might not ever need commercials."



Starbucks has gone to great lengths to form a deeply intimate understanding of their employees' lives and aspirations, creating numerous programs and experiences that demonstrate that understanding.

### Driven Through Purpose

Finally, engagement efforts of any kind must be aligned with the overarching purpose and values of the organization. Inconsistency in this area renders most activities and investments useless. It is clear that the organizations previously described have continuously produced results, often with product-based competitive advantages that are, at best, ambiguous, and in some cases, non-existent. Studies have shown a [clear correlation](#) between business results and value-driven decision making within organizations. Alignment through purpose has been well documented as a method by which to create higher levels of brand advocacy with the consumers who interact with a brand. Purpose and values must permeate through everything your organization does, but it is particularly important for any internal engagement efforts, lest your investment be grouped with the rest of the \$720 million thrown at this challenge every year.

Values, when crafted correctly, are the lens through which employees make everyday decisions. The more your organization demonstrates these values, the more likely you are to enjoy the brand advocacy of employees, and eventually, customers.

It's important to note that your purpose and your values are not merely the words written down in your dusty old on-boarding manual, or inspirational posters in the break room. We are talking about true purpose—your noble purpose, your ethos, the

very reason why your brand exists in the first place. Why you started, why you continue, and why anyone—employees and customers alike—should even care about what you are creating. Additionally, values, when crafted correctly, are meant to be the lens through which employees make everyday decisions. The more your brand hires for, fires for, and demonstrates, your brand's values through appropriate engagement activities, the more likely you are to enjoy the benefits of real brand advocacy amongst your employees, and eventually, amongst the customers you sell to.

Whole Foods Market operates a purpose-driven business model focusing on “whole foods, whole people, whole planet.” Front-line staff are given “maximum freedom, with minimum governance,” empowering them to tailor merchandise and services to the unique needs of each community they serve. In his keynote address at the 2012 Great Place to Work Institute's annual conference, Whole Foods' co-founder and co-CEO, John Mackey, asserted, “Companies with a ‘conscious culture’ and ‘higher purpose’ inspire employees to reach their greatest potential.” In turn, Whole Foods' empowered employees have played a huge role in the company's success. Mackey added, “In fully aligning your organization's strategies, systems, and structures around a higher purpose, you will almost certainly realize business results—making more money than you thought possible.”



To reflect the brand values, Whole Foods' retail staff are empowered to tailor various aspects of each store's environment, offerings and services to the unique needs of the communities they serve.



## Conclusion: Real Engagement Is Worth It

In order to enjoy the benefits of a hyper-engaged workforce, companies need to stop paying lip service to employee engagement, and make investments in understanding what it is that is impeding it in the first place. The art and science behind employee and consumer decision making is complex, and demands a closer look by qualified practitioners, as well as a long-term action plan and real commitment.

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Companies that take the time to properly diagnose the real problems within their cultures, and the way their ideal employees make decisions, will enjoy the benefits of lower turnover, higher productivity, and a more collaborative workforce—all of which have a direct correlation on the bottom line. It goes without saying that highly engaged workforces pay dividends in other ways as well. Your staff, whether on the front line directly serving customers, or in factories preparing your goods for market, are your strongest advocates and have the largest impact on your customer experience—much more so than the millions spent on clever billboards and thirty-second TV spots.



### Owen Reader

I am on a mission to change the way marketers think about the roles they fill within their organizations, and the way their brands engage with their customers and employees. As Cult Collective's VP of Client Service, I have had the opportunity to work with brand leaders throughout North America, as they shift their focus from acquisition to advocacy.



### Emily Koolen

I work with organizations who are growing, building, or in a state of change, and connect with people to build great teams of employees who love what they do, and know why they do it. I leverage over 17 years of senior strategic and generalist human resources experience in sectors including IT, supply chain, education and not-for-profit, and I'm a Certified Human Resources Leader.

## The path to enlightened marketing starts here.

Cult Collective helps brands win a sustainable competitive advantage by focusing on proven platforms that drive customer and employee engagement, and forge fanatical loyalty.

Learn how we keep brands relevant and remarkable:  
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