
How Much Money is Your Company Wasting on Trying to Engage the Non-Engageable?

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PERSONALITY TRAITS PREDICT EMPLOYEE ENGAGEMENT

In an earlier white paper (*Employee Engagement: Can Do or Will Do?*), BHI provided the past research and framework of a strong argument for the influence of the employee's personality traits on long-term job engagement attitudes. BHI believes that the personality characteristics and attitudes that the person brings with them to the new job significantly predict his/her level of satisfaction, commitment, and effort. Experienced leaders understand the importance of a potential employee's attitudes, expectations, and traits, but most have not clearly connected the impact of these traits on the longer term discretionary effort, loyalty, and retention of the employee. We know from prior studies that personality is predictive of engagement, but are these traits directly connected to independent customer satisfaction scores at the store level? This case study will show not only the relationship between the BHI Engageability Index™ (a BHI personality measure) and employee engagement, but it will also show a direct impact on customer satisfaction ratings.

WHY IS THIS STUDY IMPORTANT?

Over the years, many case studies on the service/profit chain have proven the importance of employee satisfaction on customer satisfaction which, in turn, drives sales and profitability. For a quick update, we have summarized a few of the recent case studies on the relationship of employee attitudes to customer satisfaction and revenue.

- **Gallup:** Public companies in top quartile of employee engagement had earnings per share growth 2.6 times those that were below average.
- **Best Buy:** Stores that increase employee engagement increase store sales.
- **J.C. Penney:** Stores in top quartile of employee engagement generate 10% more sales / sq. foot than average and 36% more operating income.
- **Ritz-Carlton:** "For every 1% increase in customer satisfaction, the company tracked a 2.5% increase in room revenue."
- **Cornell University: Restaurant Customer Satisfaction:** Every 1% increase in a customer satisfaction rating of "intent to return" increased company sales by \$1.3 million/year.

Clearly, there is much to be gained from increasing the engagement level of your employees; the difficult part is how. A whole new industry of consulting firms is now in the business of helping companies diagnose, plan, and implement all types of employee initiatives that are purported to increase employee



engagement and, consequently, provide a greater competitive edge and increased productivity. At conferences and presentations, we hear about the successes of these initiatives; rarely, however, do we hear about all the failures that cost enormous amounts of money with no return to the company.

At BHI, we believe that an ounce of prevention is worth a pound of cure. It is far better to spend a little money to ensure that you have employees who are engageable rather than waste money on trying to engage the non-engageable, i.e., those who do not have the capacity to be positive, committed, and loyal.

THE CARIBOU COFFEE CASE STUDY

For several years BHI has implemented and analyzed the employee engagement survey for Caribou Coffee Company, Inc. BHI suggested to the H.R. leaders at Caribou that our newly developed Engageability Index™ be included in the annual survey for research purposes and they agreed).

In addition to the employee survey data, Caribou also provided customer satisfaction data by quartile for each store. Besides the employee engagement survey results and recommendations, BHI committed to deliver to Caribou information on the engageability level of their work force by store along with other information that might be informative to them concerning the Engageability Index™. Our intent in this unique research opportunity was to gather data to answer the following questions:

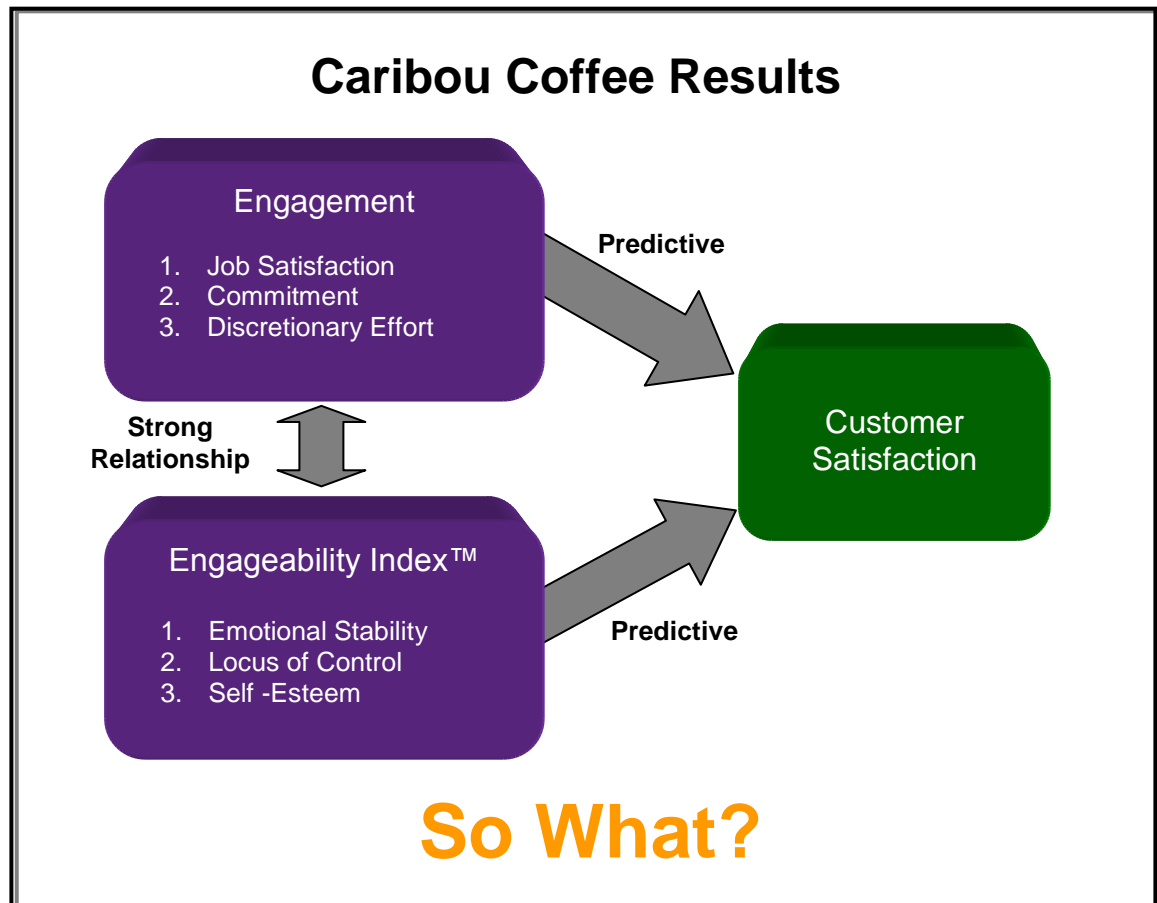
1. Does an employee's personality influence his/her job engagement attitudes? If so, to what extent?
2. How much influence does the store engagement score (an average of all employees) have in determining the store customer satisfaction results?
3. What is the relationship between employee engageability and customer satisfaction?

STUDY RESULTS

After analyzing the data from over 400 Caribou Coffee locations with an excess of 4,000 employees, the following summary results were concluded:

1. **The employee's personality has a strong relationship to his/her job attitudes about how engaged he/she is in their current job, i.e., satisfaction, commitment, and intent to stay.** The higher the employee Engageability Index™ score, the stronger the employee's engagement in his/her job.
2. **The store's employee ratings of engagement were significantly related to the store's customer satisfaction scores.** The higher the average store engagement results, the better the customer satisfaction at that store.
3. **The employee Engageability Index™ scores were significantly predictive of the store's customer satisfaction level.** The more positive, optimistic, and conscientious the store's employees, the higher the store's customer satisfaction level. In fact, the personality index was a better predictor of customer satisfaction than the survey engagement score.
4. **The best prediction of customer satisfaction was a combination of the store's engageability score and their engagement score.** This indicates that while engageability and engagement are related, they both measure unique aspects of the employee's behavior. Consequently, the combination of the two measures is a better predictor than either one when trying to increase customer satisfaction. The Caribou Coffee results show that **when employee**

engageability and engagement were both high in stores, these stores score almost 2 percentage points higher in customer satisfaction.



SO WHAT DOES THIS MEAN FOR MY COMPANY?

Every organization is dealing with resource allocation with heightened intensity in today's economic environment. If you believe that your customer satisfaction is a strong competitive edge and will help sustain and grow your business, then your employees' engageability and engagement levels should be extremely important to you. The question from the executive view is typically, "How do we increase both engageability and engagement in the quickest, most cost-effective way?"

1. Increasing Employee Engageability.

Changing the personality of your workforce may seem to be a significant challenge but depending on your industry, it may be easier and quicker than you think. If you are in an industry where turnover is relatively high, you can use this as a lever for a more rapid transformation.

- a. **You must implement a systematic, effective selection process that quickly and inexpensively measures employee engageability.** Compliance with this process is key to hiring only those candidates with the necessary positive, optimistic, and conscientious outlook. This needs to be the first hurdle in your selection process. Selection tools are readily available that can be implemented early in the application process so that the most engageable will be identified.
- b. **Research has shown that negative, pessimistic employees with low self-esteem not only decrease your customer satisfaction but they do not leave voluntarily.** Consequently, your company must develop a culture and a process that supports the reduction of these types of employees especially in customer contact positions. With the increasing availability of potential applicants, the replacement of the un-engageable with highly engageable employees is becoming easier.

2. Increasing Employee Engagement.

While engageability is determined by personality, employee engagement is a result of both the individual's personality and what happens in the job. In 2008, the Conference Board issued a summary of leading engagement research (*Meta-analysis of Drivers of Employee Engagement*) that identified the 8 fundamental drivers of employee engagement on the job. Four of these major drivers were factors directly related to the job itself and to the opportunity to grow and progress in their career. BHI has consulted with many companies around integrating the process of selecting, training, managing, and promoting using a well-researched and defined set of competencies for each major job. This organized, focused process of best practice workforce planning is called Career Pathing or Career Management. (See BHI's white paper, *Productivity Transformation through BHI Career Management Systems "Don't we get it, it's their jobs"* for a case study in this engagement and productivity enhancing approach). The case study highlights **Bravo Development, Inc.**, a mid-sized high end restaurant chain, **that documented savings of \$5.5 million per year by implementing a career management system.**

ENGAGEABILITY AS A CORE COMPETENCY FOR YOUR EMPLOYEES

At BHI, we have constructed and reviewed hundreds of competency models (job success requirements) across a variety of industries, especially those in service-oriented business. While most include attitude and team skills, we have never reviewed one that included engageability as a core competency for success. We recommend to our clients and others that "engageability" be adopted as a core competency for hiring and promotion within their organizations. Making sure that as many employees as possible enter the company with the potential of becoming a highly engaged employee has a much higher ROI than post hire engagement initiatives that many times fail to have any impact at all. Not hiring those candidates that have a negative, blaming, and pessimistic view which results in chronic dissatisfaction has many positive collateral benefits for the organization, i.e., fewer Worker's Compensation claims, fewer absences, greater retention, etc.



Insight Articles

IN SUMMARY

The tools and processes for increasing the engageability and engagement level in your workforce exist in proven form. Any company can gain greater customer satisfaction with a well-designed talent management approach that incurs surprisingly little extra cost above their usual selection and training systems. Before pouring large sums of money into employee engagement initiatives, make sure you have selected employees who have the best potential for job engagement. ***Include engageability as a core competency in your company's talent management system and, with consistent use, expect to see an upward trend in customer satisfaction.***

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