

How the best workplaces win - and keep - the best employees

Pam Kershaw - October 2005

It can come as a shock to many employers when they realise they are no longer conducting job interviews with the best candidates. The best candidates are interviewing them – and if the company doesn't stack up as an employer of choice, the candidates are now the ones thinking “don't call me, I'll call you”.

But the truth is, they won't. They'll be knocking on the doors of companies who genuinely value their people, reward and recognise them. They'll be looking for companies with a clear purpose that inspire their employees, and which live and work by their corporate values.

Right now, it's a candidates' market - and it's likely to stay that way. Australia has a skills shortage, the population is aging and the birth rate slowing. Baby boomers are beginning to retire, and Generation X and Y employees who now make up half the workforce have very different employment values to their parents.

And companies – small, medium and large – ignore this at their peril.

It may not be easy becoming an employer of choice, nor is there a quick route to the high level of employee engagement that goes with this territory. But major studies consistently show that employers of choice enjoy far better employment outcomes and a much stronger bottom line.

Australia's 'Best Employers'

Jon Williams, Managing Director in Australia and New Zealand of Hewitt Associates, the global management consulting firm that specialises in workforce solutions, has been heavily involved in this firm's fifth annual

Employee engagement measures the emotional and intellectual commitment that employees have for their organisation

‘Best Employers’ study in Australia and New Zealand.

The 2005 results* have recently been announced, and Mr Williams says Best Employers achieved 50 per cent more revenue growth and almost three times more profit growth than other organisations in the study.

Best Employers also have an employee engagement level of 81 per cent, compared with only 54 per cent in other organisations.

“Employee engagement measures the emotional and intellectual commitment that employees have for their organisation, or how effectively the organisation captures their hearts and minds,” Mr Williams says.

“You can sum it up by three behaviours: ‘Stay, Say and Strive’.

“This means employees have an intense desire to be part of their organisation. They are strong advocates for it, and they speak positively about their workplace to friends, clients and potential customers. They exert extra effort and contribute to the business success with passion and motivation.”

Mr Williams is not surprised by the very strong links between employee engagement and positive financial outcomes.

“Not at all - just listen to any leading CEO. Bill Gates, for example, has said ‘take away Microsoft but leave me my 50 best people and I’ll have it all again in two years time’.”

People-related management systems the key

Another major Australian business survey has also found that companies with engaged employees have much healthier bottom lines.

Dr Peter Langford of Macquarie University recently released the results

If employees are engaged, they'll answer "yes" to the following questions:

- ▶ Is my job interesting, have I got somewhere to go in this organisation, is there a future here?
- ▶ Am I getting reward and recognition for the contribution I make?
- ▶ Do I feel part of an organisation that genuinely values its people?
- ▶ Do I actually believe in what this organisation is about?

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of a three-year study, the 'Voice Project', which surveyed 10,000 from 700 small, medium and large Australian organisations.

The survey assessed 28 management practices to identify which had the most impact on outcomes including employee engagement, employee turnover, absenteeism and profitability.

These practices were then grouped into six leadership and human resources systems – and those that had the greatest impact were all people-related.

Dr Langford, who is lecturer in organisational psychology and human resource management at Macquarie, says the three key systems are 'Purpose, Participation and Progress'. (See chart below.)

The three systems of lesser importance were 'Property' (resources and technology), 'People' (teamwork and working with talented people) and 'Peace' (stress management and work life balance).

"Purpose means people believe in what the organisation is doing," Dr Langford says. "Participation means they feel involved in decision-making, recognised and are given opportunities in the organisation. Progress means they see the organisation as being successful and achieving goals."

What also stands out is the impact of these systems on the bottom line.

Dr Langford gives an example of a 200-person organisation with an average total salary cost of \$80,000 per employee and revenue of \$30 million.

If engagement can be improved by five per cent, employee turnover costs will fall by \$240,000, absenteeism costs by \$21,400 and profitability will be \$300,000 higher.

Purpose means people believe in what the organisation is doing

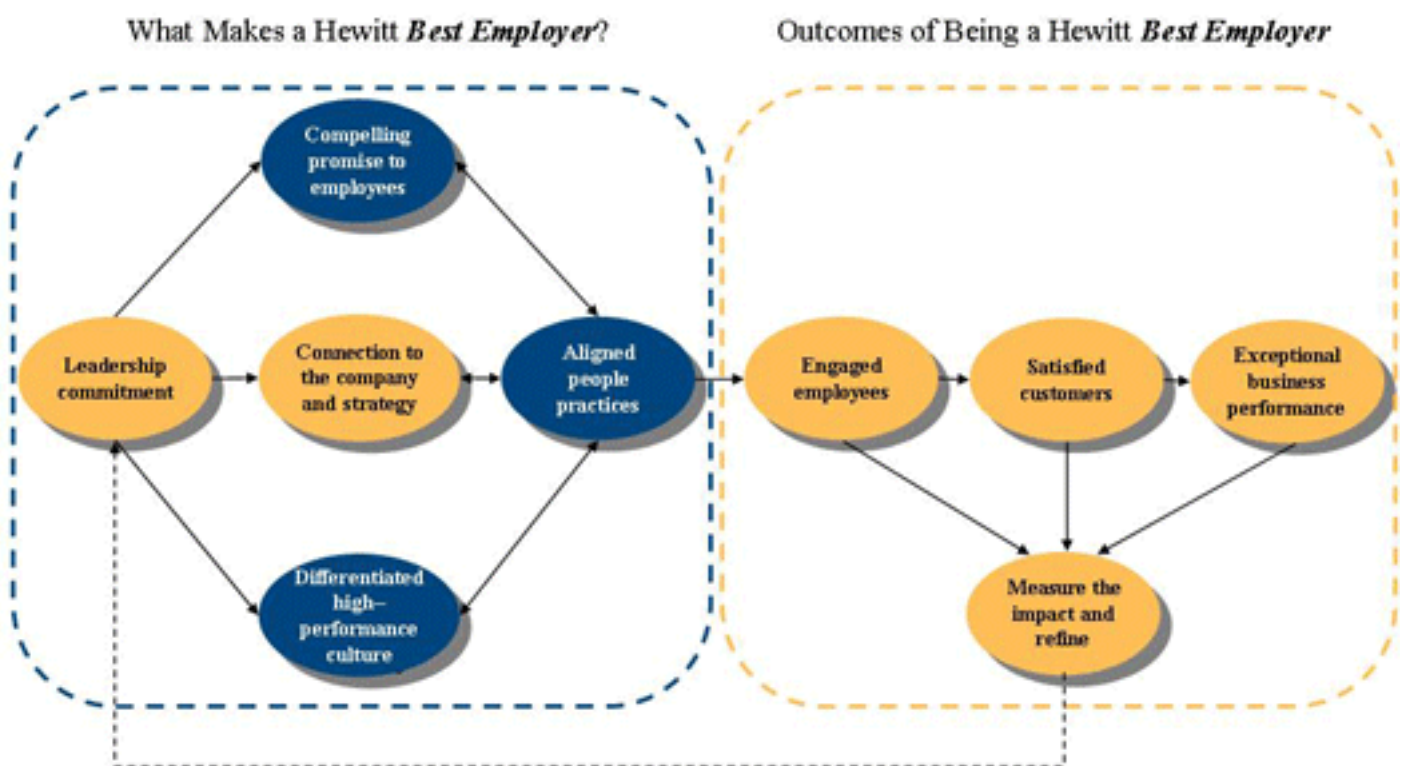
Dr Langford says companies can improve employee engagement if they strengthen three core management systems, foster three key attitudes and work on 12 essential business practices. Here's his process:

| Three core systems to strengthen | Purpose | Participation | Progress |
|---|--|--|---|
| Three core attitudes to foster | <i>"We believe in why we're here, what we do & how we do it."</i> | <i>"We belong in this organisation, we are recognised, involved & growing."</i> | <i>"We achieve our goals, we are getting better & our future is positive."</i> |
| 12 core practices to build - both in reality and perception | <p>Build belief in the purpose, values & work of the organisation.</p> <p>Develop, clarify & communicate the vision, values & strategy so that staff can personally identify with them.</p> <p>Promote, demonstrate & reward ethical & socially responsible behaviour.</p> | <p>Reward & recognise staff in a fair manner.</p> <p>Improve skills of, & communication with, senior management.</p> <p>Consult staff & encourage feedback.</p> <p>Evaluate staff & provide directions for improvement.</p> <p>Improve the way staff are recruited.</p> <p>Provide job-related & career-related development opportunities.</p> | <p>Build staff belief in the current & future performance of the organisation.</p> <p>Manage change well, promote innovation & facilitate organisational learning.</p> <p>Promote product & service quality & an understanding of customer needs.</p> |

Other steps to boosting employee engagement

So what else can Australia's small to medium enterprises (SMEs) do to achieve better engagement?

The Hewitt study shows that this is what Best Employers do:



Source: 2005 Hewitt *Best Employers in ANZ Study*—Preliminary Findings and Survey Highlights Report

Mr Williams says business owners who want to improve their workplace and employee engagement must:

- ▶ Be a highly committed leader who is passionate about employees truly being your most important asset.
- ▶ Create a compelling employment experience for staff. Best Employers are clear about what they stand for - and they deliver on that promise to their people.

Be a highly committed leader who is passionate about employees truly being your most important asset.

- ▶ Be able to inspire and maintain a passion for outstanding achievement and create a high performance culture.
- ▶ Connect your people with your organisational strategy.
- ▶ Align your people practices with your business objectives.

Changing the culture

So if an SME realises it's time for cultural change, where do they start?

“The starting point is to actually listen to your own staff,” Mr Williams says. “It's very unusual in organisations that you or your employees don't know the answers. It's making sure you listen openly, figure out what their issues are and what your issues are, then do something about fixing it.”

Best Employers tend to be “reasonably tough, performance-driven organisations” where people know what is expected of them, and why. So you may demand a lot, but you need to be generous in sharing successes.

Financial incentives such as profit sharing are important, and good businesses celebrate their achievements as a group so everyone feels part of the team.

“Reward and recognition programs are very important – it's not just about a big bonus once a year,” Mr Williams says.

It's also critical to get the mission statement and company values off the office wall, make them personal and meaningful for staff and ensure they guide your company's actions, particularly in a time of crisis.

We know that in a small organisation, the direct manager has a huge impact on people, more so than in large organisations.

When there's a downturn or restructure, most companies dump their values and just think of the bottom line. But that's when their employees judge them, and conclude they're not the organisation they claim to be.

"There are some organisations where leaders have behaved in a way which is consistent with their values – Cisco is a classic," Mr Williams says. "It did a great job during the tech wreck of downsizing, and its employee engagement went up. People said, 'wow, they actually did that really hard thing in a way that aligned with what they said we were about'."

While it's easier for start-ups with no negative, entrenched patterns to develop a strong workplace culture, Mr Williams warns there's a danger point as a company grows from a small to a medium-sized business and leaders lose connection with their people.

"We know that in a small organisation, the direct manager has a huge impact on people, more so than in large organisations. A really critical thing for SMEs is to understand the impact of the people who are one down from the leaders and who are in day-to-day contact with staff."

Case Study

Why Blackmores is a best employer

Blackmores was named a Best Employer in the 2005 Hewitt study. The company has also participated Dr Langford's Macquarie University 'Voice Project'.

A corporate high flyer was being interviewed for a position at Blackmores by the company's Human Resources Manager, Jenny Thompson.

“Why would you want make this move,” Ms Thompson asked, curious as to why such a senior executive from a very reputable company would want to join Blackmores.

“Anyone would kill to work at Blackmores,” was the response.

While many HR managers would be delighted at this, Ms Thompson is more pragmatic. She knows the company has a very strong reputation as an employer of choice, but doesn’t want to oversell the company, nor present potential employees with an unrealistic picture of the workplace.

Although Blackmores produces natural healthcare products, it is certainly not a place where people chill out, use crystals and burn incense.

It’s a high energy, dynamic, contemporary business. It has high expectations of its employees, but has strong reward and recognition programs and shares its successes. It also has a set of company values by which it lives.

Started by Maurice Blackmore in the 1930s, Blackmores is now run by his son Marcus and employs just over 260 people. Because of the passion and dedication of both men, Blackmores had a very employee-focused workplace long before the words “corporate culture” became fashionable.

“Marcus has a very simple philosophy,” Ms Thompson says. “It is: ‘I do the right thing by you, you do the right thing by me’.

“Marcus is so passionate about well-being, and in doing the best that you possibly can in your relationships with everyone else. So you look after people, the environment and the community you work in, in the same way you look after your body.”

These beliefs are borne out in Blackmores' 'Values at Work', which involve trust, leadership, superior performance, customer focus and a more natural approach to health. (See chart below.)

'Trust' to Blackmores means: 'We are committed to the highest standards of behaviour and practice, and to always doing the right thing in our relationships with others'.

'Doing the right thing' by staff

'Doing the right thing' by staff has resulted in a range of measures which some companies might think were overly generous.

But the outcome is a highly motivated workforce, keen competition for jobs and an employee turnover of 12.84% in the 04/05 financial year.

Ms Thompson says the staff become "terrific ambassadors" for the company. This has a positive impact on branding and customer service delivery, as well as the quality of their own work.

Blackmores developed a Certified Agreement (enterprise agreement) in the early 1990s, under which staff have eight days sick leave annually rather than 10. In return, they have three months paid sick leave at their manager's discretion, then salary continuance for five years at 75 per cent of their salary.

The company has incentives for sales staff, and a bonus scheme which it is currently reviewing. More staff will become eligible for bonuses based on achievement of their individual objectives.

All staff are included in the profit share scheme, which results in about two weeks additional salary each year. This is paid in June and December, and the announcement of the profit share outcome (currently running at about seven to eight per cent of salary) is always cause for celebration.

And Blackmores does celebrations very well. When Marcus Blackmore threw a party to celebrate the company reaching \$100 million revenue, its Brisbane, Melbourne and Perth staff were flown to Sydney for a “no expense spared” party. Christmas parties are also glamorous, no-expense-spared events with the entire staff being bussed to exciting locations.

Staff receive a giant Christmas ham (vegetarian basket for non-meat eaters), a bottle of champagne on their birthday and anniversary with the company and, even before they commence work, they’re sent a beautiful book on natural medicine along with a bottle of multi-vitamins as a welcome.

Seeking performance feedback

Blackmores is pretty fearless in seeking feedback on its performance. It has taken part in the Macquarie University Voice Project for three years because it wanted to know how it could improve its workplace.

Feedback was largely positive, but Blackmores found it needed to look more closely at talent management, career paths and succession planning.

“In a smallish company the opportunities for growth aren’t as clearly structured as in a large organisation because there aren’t as many levels to go up,” Ms Thompson says.

“We look for ways to encourage our team to grow professionally. They may be in the same role but approaching it differently, taking on greater responsibility, being remunerated better, adding more value – and we hope that’s enough to keep staff happy and satisfied.”

The company prides itself on a collaborative, consensus approach, and was a little surprised that some staff didn’t think it was a good decision maker. It is investigating whether too much collaboration is delaying

decisions, or if it's a matter of better communication of decisions.

Communications were also flagged by some staff who didn't understand other people's roles in the business, or didn't fully understand where the business was going.

Blackmores responded by splitting its strategic direction into three main themes: growing the business, building the future and investing in its brand. Chief Operating Officer Jenny Tait presented the themes to all departments, which had team sessions to develop their own strategies and objectives. These then cascaded down to individual strategies, aligning all staff with corporate objectives.

Ms Thompson says it's critical for SMEs to really understand what their culture is, and how it is changing. A key tool for Blackmores is a Staff Liaison Committee comprising the company secretary plus eight staff chosen from all departments by secret ballot.

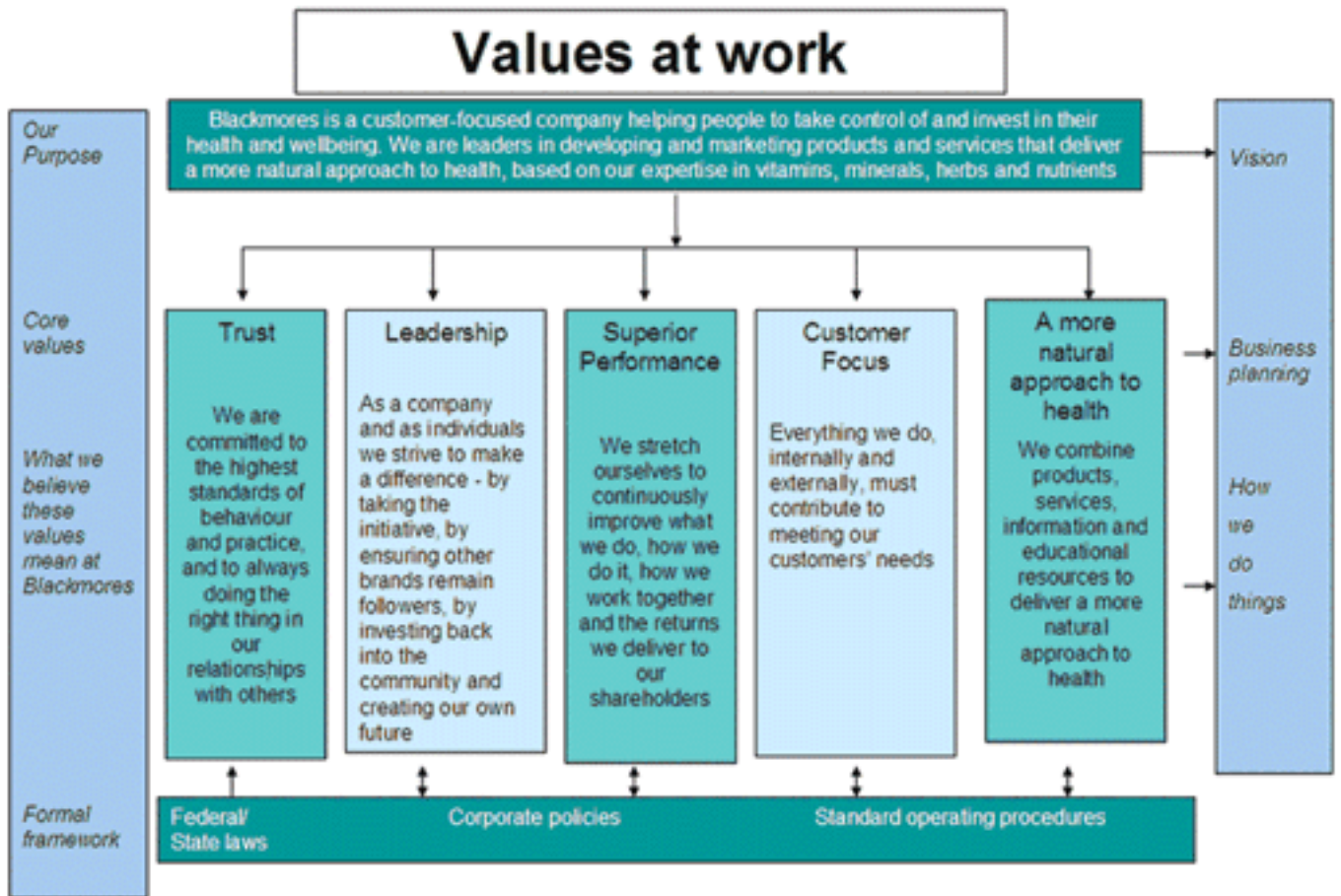
Committee members are elected for 12 months, and receive training in coaching, counselling and ethics.

They're the conduit between staff and management, helping solve grievances, sitting in on any difficult conversations between managers and staff, and giving feedback on the workplace to senior management.

"They're incredibly important," says Ms Thompson, who has watched one formerly radical staffer become more thoughtful and less aggressive through serving on the committee.

Asked how SMEs can build a better workplace culture, Ms Thompson says it has to come from the top.

"It has to be the leader's values, it has to have their stamp on it and they have to drive it. Then they choose the people who incorporate those values. But no one will truly live it unless it comes from the top."



*The 2005 Best Employers in Australia and New Zealand are:

Winner

SalesForce

Best New Entrant

ING Direct

Special Commendation for

Consistent Improvement

(in alphabetical order)

seek.com.au

Swiss Re

Hewitt Best Employers

(in alphabetical order)

American Express

Bain & Company

Bayer Healthcare ANZ

Blackmores

British American Tobacco

Carson Group

Dell

Golder Associates

Medtronic

Nokia

Select Australasia

Westaff

To read more about Hewitt Best Employers, go to www.bestemployersanz.com

Post Holiday Blues

Are you prepared?

Pam Kershaw - December 2005

Post-holiday blues will affect at least two thirds of employees returning from their Christmas-New Year break. A loss of productivity, low morale, increased workplace stress and resignations can result.

Fortunately, there are strategies that business owners and managers can adopt to deal with the approaching annual outbreak of post-holiday blues.

Strategies for beating the post-holiday blues in your business

Imagine it's Monday January 9, 2006. Throughout Australia, employees are returning to work after their summer holidays. Many are feeling refreshed and energised, and are looking forward to the challenges of 2006. But for others, the new year brings challenges of a very different nature.

These are the employees who look with dismay at overflowing email inboxes, then discover that work delegated to colleagues has not been completed. Their holiday mood quickly evaporates as they find meetings are already crowding their diaries. Within a week, their stress levels have shot up to pre-Christmas levels, and they may begin seriously questioning why they are in their jobs.

The PHB season is then in full swing – and it's something business owners and managers shouldn't ignore.

Staff affected by PHB are not productive, and they don't contribute to a positive working environment. If they quit because PHB is actually a sign of underlying dissatisfaction with their job, recruitment consultants

Hamilton James & Bruce say it's going to cost around 200 per cent of their base salary to replace them.

A surprisingly large number of us suffer from PHB to some degree, according to leading British researcher Dr David A Holmes of Manchester Metropolitan University's Department of Psychology.

Dr Holmes says the condition affect about two thirds of employees. One third report that even the thought of returning to work makes them feel depressed, while one in five begin to feel stressed about the office re-entry while they're only midway through their holiday.

Other studies report similar findings, but the most startling was a 2004 survey on recruitment website monster.com that said only seven per cent of people claim not to be affected by PHB.

The causes of PHB

Dr Holmes says there are four main causes: people's unrealistic expectations of holidays, their personality, their relationship with others and their jobs.

"Stress at work is a major factor in causing depression on return from holiday," he says.

And as few companies now close down over the Christmas period, there is no longer an adjustment period as employees return to work together. If people are not happy with their jobs, Dr Holmes says they're back to their pre-holiday stress levels within just one week.

Sarah Cornally, a Sydney-based leadership advisor and executive coach who works on PHB issues with a number of clients, says problems can include job dissatisfaction, long hours, a difficult boss or misalignment between the individual's values and the company's values.

The reality of a company's values may not measure up to the aspirational values it expressed when an employee joined. Or the employee may realise there's a dissonance between their own aspirational and present values, making them a poor fit with the company.

We may cope with these sorts of issues for a while, but when we're enjoying a holiday, feel relaxed and have time for reflection, they can suddenly come into sharp focus.

PHB can be the result. Ms Cornally says employers should watch for staff who:

- ▶ Have problems settling back into work - a three to five day readjustment period is normal, but more than a week is not.
- ▶ Seem drained of energy or lack enthusiasm for work.
- ▶ Have an unusual difficulty focusing on tasks.
- ▶ Procrastinate on decision-making, or avoid decisions altogether.
- ▶ May be soul-searching about their job.

(An attack of PHB does not mean someone is suffering from clinical depression. For a checklist of symptoms of depression, visit the website of the national depression initiative, beyondblue, at www.beyondblue.org.au, or the website of depressioNet, which provides information, help and support for people living with depression: www.depressioNet.com.au).

Circulate information on sensible holiday planning and avoiding PHB.

Good starting points are websites for the USA National Mental Health Association at www.nmha.org/infoctr/factsheets/103.cfm and UK health provider BUPA at www.bupa.co.uk/health_information/asp/healthy_living/lifestyle/under_pressure/work/

Strategies to prevent PHB

So what steps can employers take to prevent PHB? And if the blues do come calling, how can you help staff deal with them?

Sensible holiday planning

Dr Holmes urges sensible holiday planning: families should not be forced into a holiday style they won't all enjoy; long travel times, uncertain connections and locations should be avoided; as should personal conflict, too much food or alcohol and too much activity packed into each day.

If you put too much emphasis on the holiday as a cure for all ills, it won't match up to these overly high expectations, he says. "Realise that a holiday will not cure poor family or personal relations, and may even make them a lot worse."

Sydney clinical psychologist Jeroen Decates agrees, saying we have "an awful lot of romantic ideals about families getting together". The festive season may be wonderful for families with good relationships, but can be "totally traumatic" for those which don't.

On the other hand, if you do have a very enjoyable holiday, you may experience a feeling of anti-climax on your return. Melbourne-based executive coach and facilitator, Kalli Pulos, says it helps to begin planning something new to look forward to, and set some inspirational goals – personal and professional - immediately. She generally advises against returning to work the day after flying home from an overseas holiday, because it can take up to a week to recover from jetlag.

Take a restorative break

Mr Decates is concerned about our tendency to take short breaks rather than holidays of two or three weeks. It can take a week to wind down, and another week to totally relax.

So if employees rush back after a week, they are simply not prepared to deal with another year of work stress.

What does Mr Decates think about the Federal Government's new workplace proposals of trading holidays for pay?

“Disastrous. To inoculate yourself against stress from work, you should have breaks that are often enough and long enough,” he says.

Finances and other conflicts

Ms Pulos says mismanagement of holiday expenditure can also be a factor in PHB. We should be aware we always have choices – and realistic upfront budgeting for holidays or preparing for a hefty post-holiday credit card bill are two of them.

Sarah Cornally warns of values conflicts over the festive season, for example, buying special things at Christmas to show love for our families may conflict with our values of financial accountability and responsibility. We need to consciously negotiate these values, make a clear choice and accept the consequences.

Another typical conflict is wanting to spend time with children on holiday, but also wanting time for self-actualisation. Ms Cornally suggests tackling this creatively, perhaps regarding family time as a time when children can teach us about ourselves and our relationships with them.

Who is prone to PHB?

Dr Holmes says some personalities find it hard to have a restful holiday, particularly the Type A who is a high achiever, time-urgent and will not slip quickly into holiday mode. By comparison, the laid-back attitude

Ensure staff take adequate holidays and discourage office contact. Support them by ensuring work is properly delegated, and schedule a debrief when they return.

of the Type B makes it much easier for them to relax on holiday. Individuals who suffer mood problems or have a borderline personality disorder are also prone to PHB.

If employees are stressed, they are poorly equipped to cope with PHB, whereas those who enjoy long holidays are likely to deal better with return-to-work stress, Mr Decates says.

“We know that people who are chronically stressed become poor decision makers and poor managers of time and workloads, because they’re running on their reserves continuously.”

Workaholics who take work away with them are also candidates for high stress levels.

In the UK, a survey of 6000 managers by the Chartered Management Institute showed they encouraged staff to take time off for holidays, but employees often refused because of work overload or fears of a backlog on their return. Of those who did take leave, many were accompanied by mobile phones and laptops, called their offices or took calls from employers and clients.

But business owners and managers themselves can set a bad example. A survey by Microsoft and networking organisation Ecademy found that 69 per cent of small business owners and managers in the UK had worked while on holiday. Forty five per cent said they were unable to relax properly, and 34 per cent said their family resented the intrusion of work.

Given the pressures and long working hours in many Australian businesses, our experiences are unlikely to differ greatly.

Schedule a pre-Christmas review of 2005, agree on 2006 goals and ensure employees have the resources and support they need.

Workplace communication and planning

A recent survey of more than 7000 employees by Seek.com.au found that 56 per cent were unhappy in their jobs (up from 45 per cent last year). The main issue was the quality of management, with 69 per cent of respondents saying management did not provide regular feedback.

Given that this dissatisfaction can really surface on holidays, Sarah Cornally recommends managers use the pre- and post-Christmas period for reviewing 2005 with their staff and planning for 2006.

It's important to celebrate this year's achievements, as well as acknowledging goals that were missed, before focusing on business and personal plans for 2006.

"Ask yourself: when I get to this point in 12 months time, what do I want to be looking back on and celebrating," Ms Cornally says.

Employers must understand employees' personal visions and goals, so they can align these aspirations with opportunities within the organisation. While having a list of key actions for early 2006 can help focus and re-orientate staff after the Christmas break, managers must also ensure they have the resources and support they need.

All this requires good communication skills, but Kalli Pulos says few people instinctively know how to communicate in a way that details a problem without emotion, explains what they'd like to do about it and the outcome they seek.

Coaching or facilitation may be needed to help teams improve their interpersonal communication, along with their self-awareness and understanding of others.

Tips for an easier office re-entry in 2006

For managers and staff:

- ▶ Before you go on leave, Ms Pulos recommends you write an email auto-response requesting people contact you after your return date.
- ▶ If you're returning on a Monday, set your auto-response to say you won't be responding to emails until Wednesday.
- ▶ Consider returning mid-week, easing in with a shorter working week and leaving the office at 5pm each day.
- ▶ Prioritise your work, and tackle only the most important tasks in the first few days.
- ▶ Maintain some of the enjoyable activities of your holiday. Stop for a coffee, take a proper lunch break, continue a healthy routine established on holiday (good health and nutrition advice can be found at: www.betterhealth.vic.gov.au)

Additional tips for managers:

- ▶ If you feel staff may be suffering from PHB after a week, ask what help they need to settle back into their work.
- ▶ Consider whether individual coaching or workshops are needed.
- ▶ The book 'Finding True North' by Michael Henderson is recommended by Sarah Cornally for those who want to understand more about personal and corporate values. It can be purchased for \$22.00 from the website www.minessence.net.
- ▶ Workplace issues inherent in post-holiday blues often relate to poor employee engagement.
For a PDF of the employee engagement feature in the October Telstra eNews, visit http://www.telstrabusiness.com/assets/enews/enews_october05/thought_leadership.html.