

Engaged Employees = Compelling Business Results

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Assume you are a member of your company's executive leadership team.

Your CEO is unhappy. Markets have tightened. Competition has increased. Costs have risen while revenue has declined.

The CEO presses you and your fellow executives for ways to increase profits. Suggestions include launching a new marketing campaign, shortening sales and product cycles, and conducting layoffs.

"I've got a solution," you say.

All eyes turn to you.

"Let's increase employee engagement!"

What's the most likely reaction from your CEO?

- A. Silence;
- B. Laughter;
- C. Derision; or
- D. Handing you your final paycheck?

And yet the evidence continues to mount that your suggestion, if taken seriously, may provide the best prospect of righting your company's financial ship.

Make the Business Case for Employee Engagement

Gallup's [2013 State of the American Workplace report](#) has received a great deal of attention for its finding that only 30% of U.S. employees are engaged, i.e., enthusiastically committed to their employers' goals. The rest go through the motions ("I put in my time and collect my pay") or are actively disengaged ("I hate my boss ... and this job ... and this company!")

What's less often reported but perhaps even more important are studies Gallup has conducted [comparing companies and business units with high engagement scores to ones with low engagement scores using business metrics](#). Differences between high and low engagement companies:

22% in profits

21% in productivity

10% in customer ratings

41% in quality (defects)

37% in absenteeism

48% in safety incidents

28% in shrinkage

25% in turnover (high turnover organizations)

65% in turnover (low turnover organizations)

Gallup also studied EPS (Earnings Per Share) in 49 publicly traded companies over 2008-2012. It found that low engagement companies had 2% lower EPS than competitors while EPS in high engagement companies was *147% higher* than competitors.

[Here](#) you can find research other organizations have done showing the connection between employee engagement and key business metrics.

In future posts, I'll share steps organizations have taken to increase employee engagement and improve business results.

The first step is to make the business case for developing and implementing an employee engagement program or initiative.

The ROI Institute asked Fortune 500 CEOs what they most wanted to know about the learning and development programs conducted at their companies. [Of the 96 CEOs that responded, 92 said "business impact."](#) Yet despite that information being most desired, only 8% of the CEOs said they actually receive this information at their companies.

Fortunately, abundant evidence exists to make the business impact case. David Novak is the CEO of Yum! Brands, Inc., the world's largest fast food restaurant company with over 40,000 restaurants in over 125 countries. Named "CEO of the Year" by *Chief Executive* magazine in 2012, and one of *Harvard Business Review's* "100 Best-Performing CEOs in the World," Novak sums it up best: "It's the soft stuff that drives hard results."

So connect the "soft stuff" to the "hard results," develop an employment engagement plan and get going!