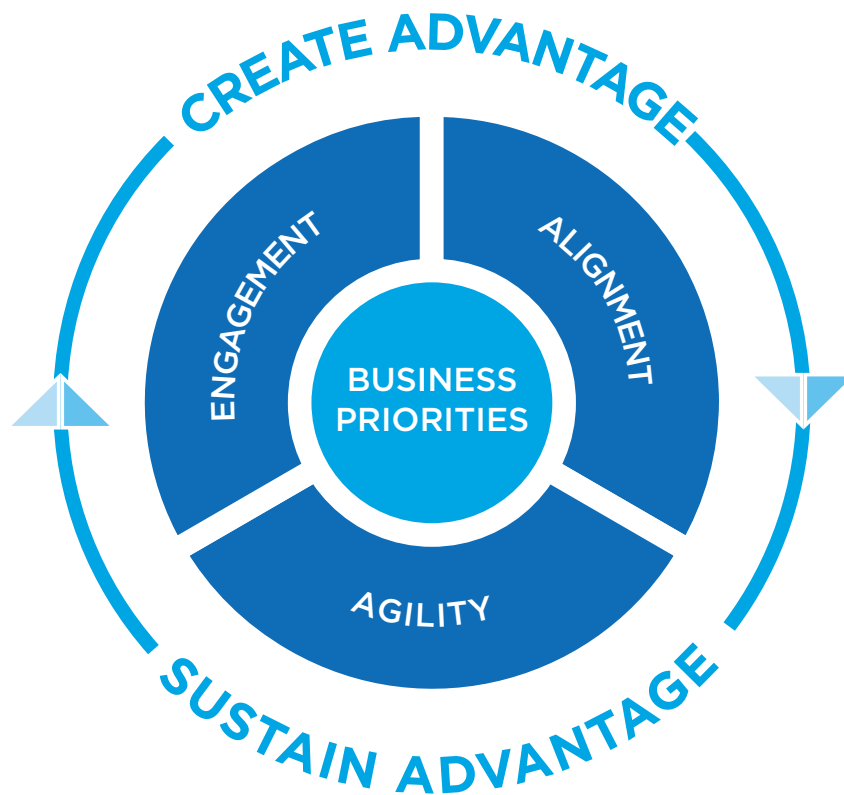


Rethinking the Workforce Survey

Beyond engagement—a more holistic approach to assess the universal and strategy-specific attributes that lead to organizational effectiveness



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Beyond engagement—a more holistic approach to assess the universal and strategy-specific attributes that lead to organizational effectiveness

The changing nature of work has created demand for new survey tools to assess employee engagement in broader context—to take a more holistic look at alignment, agility, and the capabilities needed for specific business priorities.

EXECUTIVE SUMMARY

If your organization is representative of trends at large, your workforce is more engaged than ever. But is all that enthusiasm, pride, and willingness being applied in directions that really matter to the company?

According to CEB research, the answer is often no. More than 60% of highly engaged employees—the ones you expect would drive company performance the most—report that their work is not aligned with company goals.

In general, business leaders still agree that more engaged employees are more productive, but they should question whether their survey programs—often with a primary focus on engagement—are missing other important elements that also influence workforce and business performance.

CEB's history of research and insights about employee engagement, business performance, and the new work environment come together in the ClearAdvantage approach to understanding the way in which employee thoughts and opinions relate to the world of work. The premise behind this new assessment framework is that to optimize workforce performance and ensure it supports business performance, organizations need to cultivate two types of organizational capabilities:

- **Universal:** Attributes every organization needs, regardless of its competitive strategy or business priorities
- **Strategy-specific:** Differentiating capabilities that support a specific competitive strategy or business priority

The combination of universal and strategy-specific focus areas can transform the workforce survey from a simple measurement tool into a research-based and performance-focused approach to achieve competitive advantage and best-in-class performance. The CEB ClearAdvantage framework helps leaders ensure employees are engaged and aligned with the organization's strategy. The organization's ability to be agile—to sense and respond to change—is what makes that competitive advantage sustainable over time.

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Introduction

If your organization mirrors post-recession trends at large, your workforce is more highly engaged than ever—13% more than just two years ago. Employees are more committed to the organization, work harder, and are more loyal.

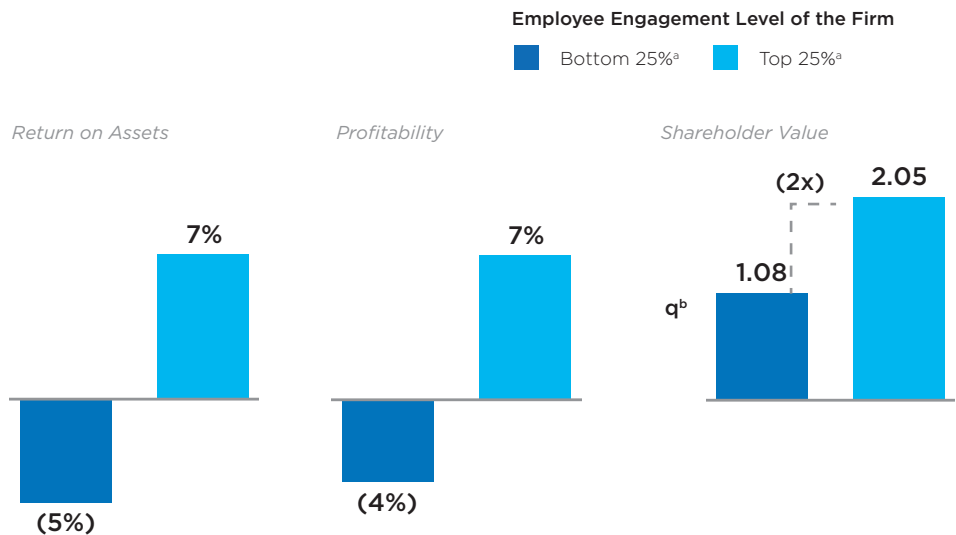
But is all this commitment, enthusiasm, and loyalty being applied in directions that really matter to the company?

According to CEB research, the answer is often no—and employee surveys could be missing the opportunity to measure other factors that allow high levels of engagement to deliver impact to business performance.

Engagement has been a pervasive theme in workforce management for the past decade. HR teams and consultants have focused much energy and attention on defining, measuring, and improving levels of engagement, as well as measuring and demonstrating its impact on business performance.

Years of CEB research into engagement—the attributes that define it and the factors that influence it—served as the foundation for employee survey programs at hundreds of Global 2000 companies. Over the past several years, CEB has assessed the engagement levels of over 20 million employees across the world. This ongoing research continues to show that employee engagement matters. Companies that have implemented successful employee engagement programs tend to outperform those that don't, as shown in Figure 1.

Figure 1. Employee engagement has a clear relationship to organizational performance.
Relationship Between Employee Engagement and Organizational Financial Performance Indicators



Source: CEB analysis.

^a Based on 93 firms across diverse industries and 65 firms for q.

^b q = The ratio of a firm's market value to the replacement cost of its assets.

Companies spend a lot of effort and attention on employee engagement, which can be a powerful indicator of productivity, quality, and efficiency, but it's not the whole picture.

Engagement Is Necessary but Not Sufficient.

In a 2012 CEB study, **60%** of highly engaged employees reported that their work was not aligned with company goals.

Rebounding after the recession, employee engagement has reached all-time highs. In the third quarter of 2010, 77% of respondents gave favorable ratings on engagement-related indices. By the same point in 2012, that figure had jumped to 87%.

So employees are more engaged than ever, but in recent years, some leading organizations have begun to see a disconnect between their engagement initiatives and business performance. Despite achieving very high levels of employee engagement, they struggle to translate that engagement into even stronger business performance. In 2011, 80% of the 4,000 business leaders CEB surveyed said engagement initiatives do not drive business outcomes at their companies.

Although leaders generally still agree that more engaged employees are more productive, CEB questioned whether survey programs that focus primarily on engagement were missing other important elements that also influence workforce and business performance.

Why this disconnect, and why now? A big part of the answer is that the global work environment has fundamentally changed in recent years. CEB research identifies the following trends, which will no doubt look familiar:

- **Decision making is more complex.** Fifty percent of employees say more people are involved in decisions than there were just three years ago.
- **Work requires more collaboration.** Sixty percent of employees need to coordinate with at least 10 people to complete their day-to-day work; 30% of employees need to coordinate with 20 or more.
- **Work is more global and virtual.** Fifty-seven percent of employees say they are doing more work with colleagues in other locations.
- **Work is more matrixed.** Sixty-seven percent of employees say they are working with people from different teams and departments. Multiple dotted-line reporting structures are common.
- **Change is endemic and more frequent.** Sixty-three percent of employees report that organizational objectives are changing more often than they were three years ago; 56% of organizations have experienced significant changes in the previous 12 months.

These realities make it more difficult for employees—however engaged they might be—to apply their energies in ways that matter and drive toward success. In a 2012 CEB study, 60% of highly engaged employees reported that their work was not aligned with company goals. Furthermore, those goals were fluid, with 63% of employees reporting that organizational objectives are changing more frequently than they were three years ago.

It's easy to see how this happens. Although employees are bringing more engagement to their work, they are collectively less focused for several reasons:

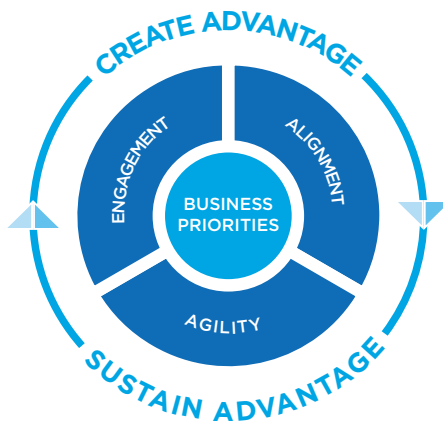
- Between matrix structures, country or region imperatives, and local goals, there is fierce competition for their attention and focus.
- In an environment of geographically diverse cross-functional complexity and change, it is more difficult to connect individual employees to company goals.
- Employees grapple with changing and sometimes contradictory objectives set forth by the company's leaders.
- As work becomes more horizontal and distributed, employees can easily become disconnected from corporate-level objectives. Traditional top-down management and communication are then relatively ineffective for mobilizing employees around company-wide goals. For example, you can't just cascade communications down the organizational hierarchy when teams can be drawn from anywhere across the global organization.

The changing nature of work has created demand for a way to measure more than employee engagement—to look at the interrelated factors that enable engagement to deliver more business value.

Engagement levels have rebounded from the global recession, reaching all-time highs, but organizations are having trouble converting that engagement into stronger business performance.

The CEB ClearAdvantage Approach

Figure 2. The CEB ClearAdvantage framework looks well beyond engagement to address the three attributes every company needs and capabilities specific to business priorities.



The workforce survey supplies critical insights about the key drivers of organization performance. A well-designed survey can be an effective tool for driving higher levels of engagement, as well as alignment and agility, thereby ensuring that employee engagement is mobilized around the company's strategic priorities and able to adapt as circumstances change.

To help organizations achieve these dual objectives, CEB developed the ClearAdvantage approach, which draws on the company's deep history of research about employee engagement and business performance. The ClearAdvantage approach looks beyond engagement and assesses two broad types of workforce capabilities:

- **Universal:** Attributes every organization needs, regardless of its competitive strategy or business priorities
- **Strategy-specific:** Differentiating capabilities that support a specific competitive strategy or business priority

The universal attributes and strategy-specific capabilities shown in Figure 2 must be measured and developed in parallel.

Universal Attributes for High Performance

Organizations won't see the full potential of employee engagement if engaged employees spend their time on work that isn't connected to business priorities, or if they don't have the ability to anticipate and lead change. CEB research has confirmed that strong organizational performance requires a tight coupling of three workforce attributes: engagement, alignment, and agility.

While it is clear that employee engagement is vital to an organization's success, it is not enough. Engagement, and therefore additional employee effort, must be directed toward tasks aligned with the organization's objectives; individuals and teams must be able to anticipate and adapt quickly to changing circumstances.

Components of Engagement

Pride

Identification with the company

Willingness to recommend

Energy

Sense of urgency Excitement

Optimism

Confidence in company's future

Belief in progress

Engagement

Based on years of research and practice, CEB has evolved the definition of employee engagement to encompass three elements:

- Highly engaged employees have pride in their company and what it stands for, serving as company advocates in discussions with customers, coworkers, and others in the community.
- Highly engaged employees derive energy from their work experience, demonstrating the persistence and proactive behavior needed to overcome obstacles.
- Finally, highly engaged employees display optimism about the company's future and can look past the ambiguity and uncertainty resulting from the increased pace of change.

Surveys based on the ClearAdvantage framework include a bank of questions to capture employee perceptions in these three broad index areas:

1. Pride, including identification with the company and a willingness to recommend it to others,
2. Energy, including a sense of excitement and urgency in one's work, and
3. Optimism, including a belief in the company's future and progress toward goals.

Alignment

Are your employees highly engaged on work that ultimately doesn't matter much in achieving organizational goals? Is the corporate culture aligned with business goals? Engagement without alignment yields high activity but limited progress. Engagement with alignment focuses employee energy in productive ways to benefit the organization.

CEB defines alignment as the clarity of the link between the actions of individuals/teams/leaders and the goals of the organization. As a result, the ClearAdvantage framework captures a view of:

- An employee's understanding of the goals of the company,
- The visibility of the link between an employee's work and those goals, and
- The extent to which teams and functions across the organization are working in support of common goals.

Components of Alignment

Communication of goals

Relationship between individual, team, and corporate goals

Connection between an employee's work and goals

Components of Agility

Anticipating change

Environmental sensitivity

Planning

Leading change

Prioritizing changes

Executing on changes in operations

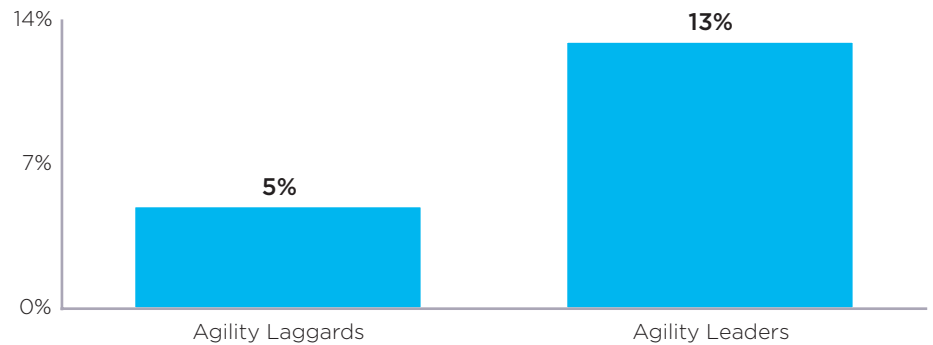
Agility

Amid the accelerating pace of change and competitive shifts, executives have identified agility as the workforce attribute most critical to sustaining business advantage in the next three years.¹ CEB defines agility as the ability not just to weather change, but to anticipate and lead it. Agile organizations implement practices that sense the business environment and give employees the autonomy they need to make adjustments and forge new paths.

Agility pays off. The effect of organizational agility on business performance has been documented in numerous CEB studies. In a recent analysis of 61 companies, CEB found that agility leaders outperformed agility laggards by eight percentage points on profit margin. This sizeable difference is evidence that agility is a source of competitive advantage. Companies in the top quartile for agility averaged a 13% profit margin over a three-year period, while the agility laggards reported a 5% profit margin.

Figure 3. Agile organizations are almost three times more profitable.

Profit Margin
(2005 - 2007)



n = 61.

Source: CEB analysis.

These three workforce attributes apply to almost any organization in any industry, but firms also need to cultivate the capabilities needed to carry out strategy specific to their own organization.

The CEB ClearAdvantage framework helps leaders ensure employees are engaged and aligned with the organization's strategy. This is the source of competitive advantage. The organization's ability to be agile—to sense and respond to change—is what makes that competitive advantage sustainable over time.

¹ CEB 2012 survey of 1,630 business function heads.

Strategy-Specific Workforce Attributes to Achieve Your Organization's Mission

All businesses have critical business priorities—the essential elements of their strategy that drive success in the way they define it. For example, a consumer electronics or video game manufacturer will probably focus on building a culture of innovation. A discount retailer may focus on minimizing costs and maximizing efficiency. A hospitality or service organization could very likely focus on customer centricity. A company seeking growth through mergers and acquisitions should have a different internal culture than one focused on organic growth.

Senior leaders must create and sustain a culture that drives the right priorities. Cultural mismatches, such as trying to drive innovation in a risk-averse culture, will stymie progress and achievement. So, in addition to measuring engagement, alignment, and agility—the three universal attributes that matter to every organization—the CEB ClearAdvantage framework focuses on organizational capabilities specific to the strategy an organization has selected as its primary way of creating their differentiated value proposition.

The world's best workforce survey programs capture information about universal and strategy-specific capabilities, and supply the data necessary for talent management and other leadership decisions in the context of the business priorities and strategies unique to their organization.

To define business strategy focus areas, CEB drew on research about organizations' stated business priorities, academic and business journals, and its own taxonomy of strategies organizations use to restart growth after a stall period.² Broad business priorities were identified, catalogued, and embedded into the ClearAdvantage framework. Here are some examples:

- **Business Model Transformation**—Shifting from a legacy model of creating and capturing value to a new and superior model
- **Customer Centricity**—Aligning the company's products and services with the wants and needs of its most valuable customers
- **Low-Cost Leader**—Competing by providing the lowest prices or best value products or services
- **Solutions Strategy**—Targeting big-picture customer needs by providing more integrated, bundled, or tailored set-of products and services
- **Continuous Improvement**—Improving products, services or processes on an ongoing basis—either by incremental or breakthrough advancements
- **Innovation**—Creating novel technologies, services, or solutions, and implementing these new ideas with sustainable commercial success
- **Mergers and Acquisitions**—Growing systematically through mergers and acquisitions
- **Quality**—Excelling based on a standard measured against other things of a similar kind

² CEB 2003 Growth Restarts.

Using Business Priorities to Create a More Strategic Workforce Survey

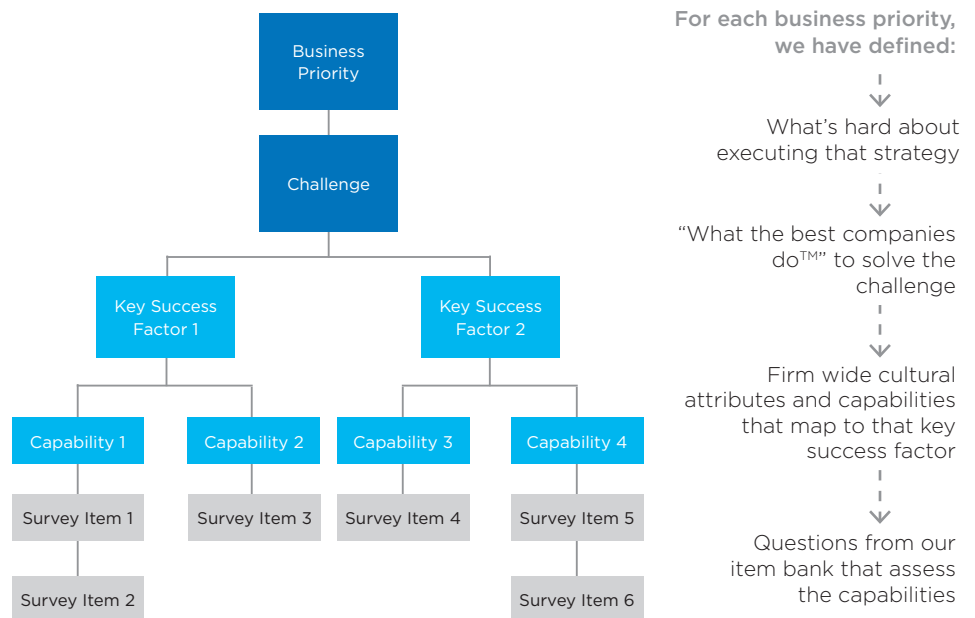
Different business priorities require very distinct sets of organizational capabilities and cultural attributes. Based on CEB research, the Workforce Surveys and Analytics team at CEB moved beyond a generic strategy statement to illuminate the organizational capabilities that differentiate normal organizations from those deemed world class. Examples of the organizational capabilities underpinning business priorities include the following:

- A culture of innovation prizes intellectual curiosity and is open to new ideas, oriented toward learning and tolerant of failure.
- A culture of customer centricity encourages knowledge sharing, decentralized decision making, and an understanding of the customer perspective.
- The culture of a low-cost leader values efficiency through streamlined processes, standardized and centrally planned operations, expedient management systems, and waste reduction.

An effective workforce survey will capture these elements as they uniquely apply to your organization.

We drew on deep archives of research about business and workforce performance to map the catalogued business priorities to survey items. As shown in Figure 4, each business priority is defined by critical challenges organizations often face in executing on that priority. Each challenge maps to one or more key success factors for overcoming it, which then map to the organizational capabilities that support that key success factor. Finally, CEB has defined survey items that assess each organizational capability for that success.

Figure 4. Each business priority was mapped to prevailing challenges, success factors, and capabilities—and ultimately to specific survey items.



Source: CEB analysis.

After decades of research on management practices from the world's leading organizations, CEB knows "what the best companies do™" to address key business challenges. We used this knowledge to map out the capabilities needed to deliver on each business priority.

By capitalizing on proven research about what works in solving organizations' most salient strategy execution challenges, the CEB ClearAdvantage framework creates a more strategic workforce survey. A focus on business priorities enables organizations to gauge employees' skill and will to deliver on the organization's strategy, as well as the degree to which the organization's culture and leadership make it possible.

CEB's approach to workforce surveys is not just focused on getting employees to care more, try harder, and stay longer. It also ensures their efforts are directed toward mission-critical tasks and objectives—as well as providing leaders with critical information about strengths and deficiencies on key organizational capabilities needed to deliver against their strategy.

Closing Thoughts

Business leaders should turn to employee surveys to help answer perennial and critical workforce questions, such as the following:

- Are employees aligned with the company's goals and objectives?
- Does the culture encourage and reinforce the behaviors that drive business priorities?
- How well prepared is the organization to anticipate and lead change?
- Are key employees set up for success?

These questions reflect familiar themes: alignment, agility, and culture. Every leader knows it takes more than employee engagement to succeed. CEB research has highlighted the critical elements missing in most performance impact equations. Engagement without alignment is like running in earnest down the wrong road. Engagement without agility is like running in earnest down the road and missing a turn. All three elements, engagement, alignment and agility, need to be developed simultaneously and tooled toward the culture of your organization's business priorities.

Your workforce survey can be an effective tool to help the organization but few surveys are delivering all the advantage they could. While business leaders generally still agree that more engaged employees are more productive, they are concerned that a singular focus on engagement is too limiting. Many survey programs are too narrowly focused as HR initiatives, and while they provide invaluable insights for talent management, the potential of the survey to assist in delivering performance of your business has been largely untapped.

When the employee workforce survey measures the universal requirements of engagement, alignment, and agility and yields insight on the capabilities that drive specific business priorities, the survey program evolves from a measurement tool into a strategic initiative.

Make your workforce survey work harder and provide deeper insights.

To find out more, visit www.cebglobal.com/workforcesurveys, then click Solutions and Employee Surveys.

Learn how the CEB ClearAdvantage framework delivers insights that support better decisions about aligning employees to business priorities and equipping them with the skills to quickly sense and lead change.

About CEB

CEB, the leading member-based advisory company, equips more than 10,000 organizations around the globe with insights, tools and actionable solutions to transform enterprise performance. By combining advanced research and analytics with best practices from member companies, CEB helps leaders realize outsized returns by more effectively managing talent, information, customers and risk. Member companies include approximately 85% of the Fortune 500, half the Dow Jones Asian Titans, and nearly 85% of the FTSE 100.

Through this network, more than 300,000 business professionals have access to more than 300,000 corporate best practices, 1,500 benchmarking data sets, and 11,500 analytical tools to drive faster, more effective decision making across all major disciplines and areas of business.

This white paper presents the ClearAdvantage framework of CEB's ClearForce tool suite, an integrated technology platform for administering, managing, tracking, and reporting on the workforce survey.

For more information, visit: www.cebglobal.com.