

# Engaging Hearts and Minds

A high-performance workforce is a critical asset for any organization. So why is it becoming harder than ever to achieve? And what can you do about it?



## At a Glance

- The world is changing: six powerful megatrends are transforming the global business environment as we know it.
- These megatrends are fundamentally changing how people work and what they want from their employer.
- We've identified five key challenges organizations will face in a world shaped by the megatrends: **transparency, agility, collaboration, innovation, and productivity.**
- An engaged workforce will be critical to meeting these challenges. Yet companies will need to engage their people in very different ways in the future.
- In this report, we look at what organizations need to do now to keep their people engaged and enabled as the world around them evolves.

**“The five challenges really ring true for us. They’re what we’re talking about as a business. We know we must focus on them going forward.”**

Rachael Douglas, Senior Group Talent and Organizational Development Consultant, Standard Life



### About Our Research

The employee opinions on engagement referred to throughout this report are taken from our world-leading Korn Ferry employee survey database. They’re based on the views of over 8 million employees in 400 major organizations around the world, from a wide variety of industries.



## Introduction

Business success depends on having an engaged and enabled workforce. Our research shows that organizations rated highest for engagement and enablement<sup>1</sup> achieve 4.5 times the revenue growth of those that score lowest. That's a prize worth fighting for.

It's no wonder, then, that engagement is cited as a top priority by CEOs.<sup>2</sup> But engagement has been put under pressure in the years since the financial crisis, and is only now making a modest recovery (see "Engagement and Enablement: The Global Picture" sidebar). And it's about to get a whole lot tougher to achieve and maintain.

The engagement game is changing. Major forces are reshaping what employees want and need from their employers to perform at their best. In our report *The New Rules of Engagement*, we identified six global megatrends that are transforming the business environment; these will make engaging and enabling people all the more crucial and all the more difficult at the same time.

As the megatrends gather force, companies will need to secure the commitment of their workforces in new and different ways if they're to continue to succeed in the future.

**"Today, the real mark of a successful organization is the loyalty of an employee, not a customer. We all know that if we look after our employees, they will look after our customers."**

**Yet employee loyalty is arguably tougher to achieve, because the psychological contract between a company and its workforce goes far beyond a transaction, and it's changed significantly over the last ten years."**

Richard Baker, Head of internal Communications, Carlsberg UK

## Engagement and Enablement: The Business Case

Our research over many decades among millions of employees worldwide consistently shows that:

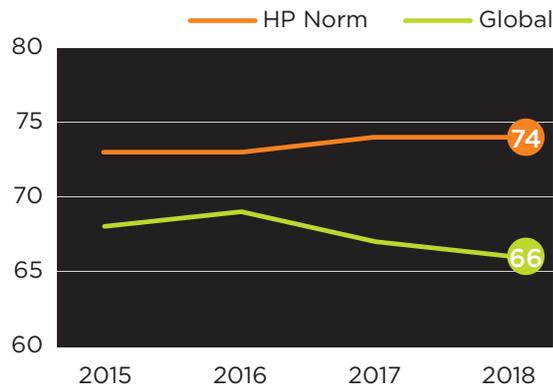
- Highly engaged and enabled employees are 50% more likely than average to outperform their individual performance targets.
- The best companies at engaging and enabling their people achieve 4.5 times the revenue growth of those at the other end of the spectrum.
- Organizations with highly engaged and enabled workers also exceed industry averages for five-year Return on Assets (ROA), Return on Investment (ROI), Return on Equity (RoE)—by up to 60%.
- High levels of engagement and enablement can improve staff retention by up to 54%.

<sup>1</sup>Structuring work environments in a way that helps, rather than hinders, individual productivity.

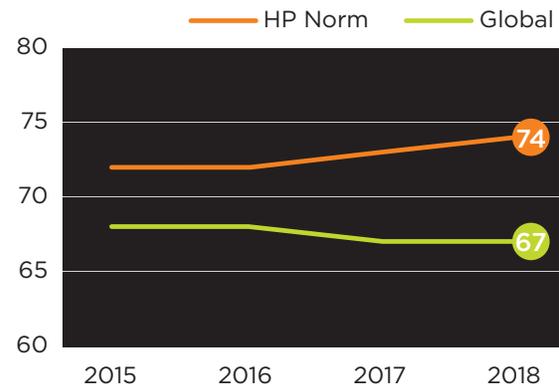
<sup>2</sup>Charles Mitchell, Rebecca L. Ray, and Bart van Ark, The Conference Board CEO Challenge 2014.

## Engagement and Enablement: The Global Picture

As Figures 1 and 2 show, levels of engagement and enablement globally have seen a modest recovery in recent years, following a difficult period in the wake of the crisis. Overall, however, they remain short of the levels being achieved by high-performing companies.<sup>3</sup>



**Figure 1.** Employee engagement: global and high-performing-company (HP) norms.



**Figure 2.** Employee enablement: global and high-performing-company (HP) norms.

Engagement is notably higher in emerging economies, with markets such as Mexico, Brazil, the United Arab Emirates (UAE), and India leading the way. Employees in these countries tend to identify strongly with their organizations, reflecting the optimism that often characterizes emerging or pioneering markets.

This optimism can be a double-edged sword, however. Strong engagement can mask weak loyalty. The many highly mobile workers in these markets are likely to be looking elsewhere for their next career opportunity.

The UAE, where 85% of workers are expatriates, is a prime example. Nearly 90% of employees in this region express pride in working for their companies—yet only 50% intend to stay with them for the long term.

Markets such as India, Brazil, and the UAE provide a glimpse of what the global workforce of the future may look like: energized, committed and enthusiastic—but with tenuous relationships with their employers.

The relatively high engagement levels seen in Western markets like Spain and Italy may come as a surprise, especially as these economies suffered badly after the financial collapse. But here, loyalty remains well above the global average—precisely because of the global crisis. Concerned for their job security amid the economic

turmoil, and lacking confidence in local job markets, employees were happy to stay put. However, organizations in these markets are failing to enable their workforces and as economic growth returns, so will increased job opportunities elsewhere. So it's important that organizations focus on retention strategies and securing the long-term commitment of workers through creating engaging and enabling working environments.

In Europe's largest economies (France, Germany, and the United Kingdom) there are clear signs of worker anxiety. In each case engagement is in decline, with employees' willingness to recommend the company as a good place to work falling by between 4% and 6% within a single year.

A similar pattern of decline is found in the USA, Japan, and Canada. In fact, in the USA the percentage of workers who say they are proud to work for their company has fallen by 5% over the past year, eroding what has traditionally been a clear strength.

In a world shaped by the megatrends, the winners will be organizations that can manage, motivate, and retain their best people in an increasingly global war for talent. This will mean connecting more deeply with your people than ever before. Understanding what they value will be critical when loyalty is at a premium.

<sup>3</sup>High-performing companies are defined as those exceeding benchmarks for financial performance and employee engagement and enablement, based on Korn Ferry analysis. The engagement and enablement benchmark is based on employee survey scores from over 750,000 individuals in 30 high-performing-norm organizations.



## Forces of Change: The Megatrends

### 1 Globalization 2.0

Economic power is shifting from mature Western economies to emerging markets, driving global competition for talent, new market dynamics, and greater international collaboration.

### 2 Environmental crisis

The world is facing a disruptive combination of climate change and scarce raw materials. For organizations, this will mean heightened uncertainty, increasing costs, fluctuating share values, and unsettled stakeholders.

### 3 Demographic change

Aging populations around the world are changing the face of the global workforce and intensifying the war for talent.

### 4 Individualism

Growing freedom of choice in increasingly affluent emerging markets is eroding employee loyalty. And it is forcing organizations to respond to the individual needs of an increasingly diverse workforce.

### 5 Digitization

Work is going remote, and the boundaries between professional and personal lives are blurring as people increasingly live life online.

### 6 Technological convergence

A combination of nanotech, biotech, information technology, and cognitive science (NBIC) will spur a wave of powerful technological breakthroughs, transforming many areas of everyday business.





**“Employee engagement is critical for us, especially where the people on the front line aren’t with their managers every day. Providing excellent service to our customers means motivating our people to go the extra mile of their own accord. Otherwise we can’t expect to achieve the company’s goals.”**

Isao Sakurai, Managing Director, HR, Skylark Restaurants

The megatrends are having a profound effect on the way businesses operate. They are fundamentally changing how people work, what they care about, and what you’ll need to do to position and motivate them to perform.

The megatrends will demand a different approach to engaging and enabling employees. Take loyalty, for example. Do the right thing by your people, the logic goes, and you can expect their commitment. Indeed, 78% of employees globally—84% in high-performing companies—express pride in working for their employers.

But as the megatrends gather force, winning the loyalty of your staff will be harder than ever.

With increasingly individualistic outlooks, employees will be harder to keep onside. And in the transparency of the digital age, corporate reputations can be damaged with the click of a mouse. All it takes is one disgruntled worker to call an organization to task online.

So what do the megatrends mean for your organization? And do you have the right people strategy in place for a changing world?

In this report, we outline the main challenges you’ll need to address to maintain a high-performance and committed workforce—one that’s capable of helping your business succeed in the new world.

We’ve combined our research and expertise to highlight:

- Why an engaged and enabled workforce will be critical to responding to these challenges
- How prepared organizations are to cope with them
- How you can influence change and prepare your workforce, and your company, by engaging and enabling your people differently in the future
- What you can learn from organizations with the right engagement strategies in place



## Challenge 1

# Living in a Goldfish Bowl: The Transparent Organization

## What's the issue?

In the digital age, organizations have large windows. People are increasingly choosing to live their personal and professional lives in public: on Facebook, Twitter, LinkedIn, Instagram, Flickr, chat forums, review sites, and so on. The boundaries between our work and personal lives no longer exist.

Whether they like it or not, brands are now public property. Digital technology has brought about a climate of transparency that puts organizations' reputations continually at risk. People can easily find news and information about their employers online, often before they hear it internally. And employees and customers can publicly endorse or criticize companies with the click of a mouse.

As Rachael Douglas, Senior Group Talent and Organizational Development Consultant at Standard Life, told us, "Our customers and employees increasingly expect transparency, and we've worked hard to make sure we are as open as possible.

"It's particularly important when you're selling complex products like savings and investments. We need to communicate as simply and clearly as possible if we want people to engage with us."

All of which requires businesses to be more accountable and more responsive. Frequent, open, and honest communication with the workforce will be crucial to keeping people engaged.

## Through the Glassdoor

The name says it all: Glassdoor is a textbook example of the transparency being imposed on organizations by the digitization megatrend.

Glassdoor ([www.glassdoor.com](http://www.glassdoor.com)) is a website that allows people to give anonymous feedback on what it's like to work for their employer. Users can also compare reviews, and even salaries, with competitor organizations. The site receives almost 32 million unique global visitors a month.

That's how easy it is to see behind the closed doors of an organization in the digital era. We can no doubt expect plenty more Glassdoors to emerge in the near future.

When corporate life is so transparent, engagement becomes critical. The only way to reduce the risk of negative reviews is to do all you can to make your people happy. In the words of David MacLeod, cofounder of the UK's Engage for Success movement, "Organizations will soon have nowhere to hide."

As MacLeod points out, this puts a lot of pressure on HR. "When a CEO is questioned by the press or the city about unfavorable quotes from employees on Glassdoor, guess who that CEO is going to come and see first?"<sup>4</sup>

HR departments don't need to be reminded of the importance of employee engagement. But with the advent of sites such as Glassdoor, the stakes are higher than ever.

<sup>4</sup>Katie Jacobs, "CIPD 2014: UK plc must embrace 'transformational' employee engagement," HR Magazine (November 6, 2014).



## Why is an engaged and enabled workforce crucial?

Engaged workers are critical to maintaining a positive reputation in a transparent world. And at the same time, organizations must be transparent in order to engage their people.

That's why the Japanese restaurant chain Skylark Restaurants has embedded openness and transparency into its HR processes. The company's performance-management and reward systems, competency model, and job descriptions are all readily accessible to all employees. "That way, everybody is clear on their current role and on what they need to do to progress," says Isao Sakurai, Managing Director, HR.

The fact is, engaged employees are less likely to air complaints about their organization online. Businesses must therefore think hard about their strategies, policies, and decisions, and how these are likely to be received by the workforce.

They'll also need to make sure they deliver what they promise to their people. Failure to measure up will be quickly—and publicly—called to account, with a damaging impact on an organization's reputation.

Companies will therefore need to demonstrate strong organizational integrity, which means reflecting their values in their behavior. "Pride in our organization comes from us doing the right thing," says Standard Life's Rachael Douglas. "And if we're doing the right thing, our values will shine through."

There's a further risk in this climate of transparency. Social media allows employees to promote their skills and achievements, making talent easier for competitors to find. And online resources make

it easier for people to find out what's available elsewhere in terms of pay and benefits, career opportunities, and working environments.

Companies will therefore need to be open and honest about how they manage and reward their people. Clearly communicating policies on pay, performance management, and promotion—and how they relate to each other—will promote a sense of internal and external fairness. Without this, engagement will suffer.

Nurturing a culture of pride among employees can also help protect brand image in a transparent climate. Communication is critical to building such a culture. Employees need to understand the direction of the organization, their division, and their team, as well as the role they play in the future success of the business.

This has been particularly important to the financial-services sector in recent years, as Douglas points out. "The industry has gone through a tough spell, but our reputation has been enhanced. Employee pride and engagement has played a big part in our performance and ultimately in how our customers view us.

"Addressing this is a two-way process," she continues. "Transparency is key to customer confidence, and it relies on the engagement of our people and their desire to do the right thing. Transparency can impact engagement, but engagement also affects how reputation is restored."

To help facilitate transparency in the digital era, organizations will need to develop digital leadership. That's the ability to deliver and manage messages in a 24/7 media environment and respond to communication that travels at the speed of light. Having the right frameworks and policies will be essential, as will providing guidance to workers on issues like corporate confidentiality.

Ultimately, organizations need to be transparent on three levels:

- 1 Organizational—when interacting with customers
- 2 Executive—when communicating with the workforce about change and strategy
- 3 Personal—when talking to individual employees about policies that affect them

**"Transparency is more important than ever when employees can instantly make their feelings about working for Premier Inn public. We need to place as much focus on this as we do on guest communication and feedback. We have a genuine desire to be a great place to work, and see transparency and trust as the way to drive this."**

Ruth Jackson, Head of Engagement and Communications, Whitbread and Premier Inn



## How prepared are organizations?

More than two in five employees (43%) do not feel that their company is open and honest in its communications.

Our data also reveals a worrying sense of unfairness among workers when it comes to reward and recognition. A minority believe that they're paid fairly for the work they do (48%)—or in relation to what's on offer elsewhere (41%).

Employees are equally concerned about the performance-management processes that affect

the rewards they receive. Less than half feel that there's a fair system for evaluating employee performance (47%) or a transparent connection between performance and pay (45%). And 41% say that poor performance is not usually dealt with at their organization.

Meanwhile, two-thirds (66%) doubt that their companies manage promotions fairly; some 43% feel that better performance won't lead to opportunities to progress; and 41% lack clarity on the possible career paths available to them.

### UBS: Turning Opinion into Action

Investment banking is a sector that's become used to seismic change in recent times. The financial crisis and its aftermath have transformed the environment in which the industry operates, in ways that present real challenges for employee engagement.

"We're living in changed times, which can feel quite burdensome" says Katie Beavan, Global Head of Talent at UBS Investment Bank. "The job is tougher due to tighter regulation, and the employment proposition is changing. So there are engagement and enablement challenges."

The bank's investment arm understands the importance of being open and honest with its workforce in such a climate. "Transparency is vital to rebuilding integrity and trust in the wake of the crisis," Beavan explains. "We must be seen to be tackling issues, not running away from them."

That's why the divisional CEO sent a frank assessment of the latest employee survey results—good and bad—to all employees. "That went down well," Beavan says. "People told us they'd never seen such an open and honest note from a CEO."

The next challenge was to act on the results—and be clear about what was being done. "Too often, organizations respond to survey results with lots of initial activity that doesn't really lead anywhere," Beavan notes. According to Korn Ferry's own data, less than half of employees globally agree that their company took action on issues raised in the last survey. "We wanted to avoid that," Beavan says.

With this in mind, the CEO is leading an initiative called "Working Together as One," which consists of six action streams, each sponsored by a member of the leadership committee:

- 1 The big why—Why do people want to work for, and stay with, UBS?
- 2 Wickedly smart working—A response to concerns over work-life balance highlighted in the employee survey.
- 3 Partnership culture—Building a sense of real ownership of the business; being inclusive and open with freedom to challenge at any level and a pulling together across silos in support of deep client relationships.
- 4 Leadership edge—Developing inspirational leaders who are trained to lead.
- 5 The talent place—How can the investment bank differentiate itself by offering outstanding development and career opportunities?
- 6 Simplify4Clients—Stripping out bureaucracy from serving clients.

The bank then began a series of 100-day projects. Employees from across the division volunteered to help push forward each of the six streams, creating clear visibility of what was being done in response to the employee survey.

As Beavan puts it, "Our approach to dealing with challenge and change has traditionally been very hierarchical—very top-down. But transparency can't be achieved in this way. You have to demonstrate it at every level."



## What can I do about it?

### 1 Assign responsibility for transparency.

Nominate a team with responsibility for embedding important messages, starting with the organization's vision, strategy, and goals. Premier Inn has a "sustainment board" for this purpose (see "Premier Inn: Transparency as a Value" sidebar).

### 2 Work with reward colleagues to compare your pay scales.

Make comparisons to companies in your area with similar job types. Then equip line managers with tools to check that their team members are fairly paid, both internally and compared to the market.

Korn Ferry's Pay database allows you to benchmark your reward against the market, by sector, geography, and job level. It gives line managers the freedom and power to make quick and fair decisions about what to pay team members, via comparisons with the market and with other people within the organization.

### 3 Develop a clear reward proposition.

Include employees in the design and launch of your pay policies. Then communicate these policies to the workforce, to promote a sense of internal and external fairness. Our Korn Ferry Pay can be a powerful means of highlighting the full value of what employees receive.

After a UK insurance company launched a total reward program with a series of internal road shows, employee survey results showed that people were much more likely to feel that their reward was fair.

Meanwhile, Standard Life introduced an online pay matrix and bonus grid. This maps employees' position, grade, and performance rating, along with external data, to help managers fix pay in a fair, independent, and—importantly—transparent way. Rachael Douglas explains, "The tool gives managers a fair starting point to work from."

### 4 Create career paths that allow people to reach their potential.

People perform best when they're in a role that suits their skills and they can see a clear, achievable path for the future.

Assess your current situation: Do you have a career-path framework in place? Is it clear? Does it apply to all employees? And most importantly, do they know about it?

Ensure that there is a clear development framework and equip line managers to communicate it to their teams.

Standard Life promotes frank discussions about career development between employees and their managers. The company provides guidance to support both managers and team members in preparing for, and making the most of, career conversations. They encourage people to be explicit about their career goals and aspirations, and managers to give honest feedback and support individuals in their development.

### 5 Review your performance-management framework.

Make sure you send a clear and consistent message about how performance is evaluated and how it's linked to reward and promotion at your organization. When announcing a promotion, highlight examples of the employee's work that led to their progress.

Make sure managers explain the performance-management program to team members. They need to make clear how it affects reward, which elements of performance have the biggest impact on pay, and what's needed to progress to the next level. Encourage managers to set specific goals for each team member and coach each one on what they must do to achieve the highest performance rating. Make sure they catch up regularly with employees to discuss their progress.



## 6 Use your employee survey.

Ask staff how they feel about working at your organization, and check that your employee value proposition reflects the reality they experience. Check that your employees' experience of reward and promotion reflects what you say about the organization externally—particularly when recruiting.

Make changes where necessary (see “UBS: Turning Opinion into Action” sidebar) to ensure that you're delivering on the promises you make.

## 7 Monitor external forums in addition to internal sources like the employee survey.

Review internal and external communications, and compare what they say with what employees actually think.

Standard Life monitors sites such as RateMyPlacement to see what its graduates and interns are saying about their experience—and actively encourages them to contribute and to be honest in their feedback.

**“Talented individuals want to know how they are viewed by their leaders. Any void in that knowledge can be quickly filled by the competition. We think it's important to tell our top talent that they're top talent. The worst possible time to tell them that would be at their exit interview.”**

Gary Short, Global Talent Manager,  
Kimberly-Clark

## 8 Establish and monitor real-time, internal feedback channels.

Channels such as Yammer give employees a place to raise issues and concerns internally rather than in public. Establish responsibility for regularly checking these channels and making sure that the right people respond—and quickly.

Jonny Gifford, a research advisor at the Chartered Institute for Personnel and Development, tells us, “There's a huge opportunity to harness social media and create more networked organizations.

“Social platforms can facilitate bottom-up idea generation and multidirectional communication. They help people make connections outside the formal structures of the organization. They can give employees a voice and help drive transparency. And they foster innovation, as they help ideas to gain momentum and make progress.”

## 9 Assess your leaders' internal communications.

Analyze the most recent communications from your leaders to employees. Are they frequent, open, and honest? Do they encourage a two-way dialogue? Are they tailored for different groups of employees with different interests? List the pros and cons, and work with leaders and internal communications colleagues to make improvements.

Premier Inn's Chief Operating Officer sends a weekly message to staff, reporting back on what he's done and seen—good and bad—in the business over the last seven days (see “Premier Inn: Transparency as a Value” sidebar).



## Premier Inn: Transparency as a Value

Transparency is deeply ingrained at Whitbread's Premier Inn hotel chain. "It's a natural part of our culture," says Ruth Jackson, Head of Engagement and Communications.

"Transparency drives trust. It's a value we look to support at all levels of the organization—from the behavior of our leadership team to our recruitment and selection processes," she explains. Potential recruits are taken through a two-way discussion to ensure that they'll fit Premier Inn's transparent culture.

Leaders are trained to demonstrate honesty, openness, and accessibility in their leadership styles. For instance, the Chief Operating Officer sends out a weekly personal message, highlighting his activities that week; noting good and bad practice he's seen around the business; calling out where congratulations are due; and emphasizing important calls to action.

The company also holds listening groups and sessions called "Brilliant Conversations," where leaders sit down with frontline employees to discuss whatever the team members want. A formal framework for these sessions was launched originally, but after a couple years they became what Jackson simply calls "a way of working at Premier Inn—they just happen."

Communicating the company's core objective is a prime example of this root-and-branch approach to transparency. "There'd be no point leaders having a purpose in the ivory towers if the rest of the company feels detached from it," says Jackson. "We need to make sure everyone understands it."

So the company launched its "Bigger, Bolder, Better" campaign to embed its overall purpose, which it defined as "making guests feel brilliant through a great night's sleep." The campaign consisted of what Jackson calls a "training cascade," designed to reach all 17,000 employees and rolled out across all operational and support teams. A "sustainment board" was appointed, with responsibility for embedding the purpose throughout the business.

The aim was to share the company's vision and reinforce its values, and to connect every single employee to the overall objective—all while driving transparency and therefore trust.

## Dixons Carphone: Keep Talking

As the recession hit consumer spending, UK electronics retailer Dixons saw a number of competitors fall by the wayside.

This caused understandable concern among Dixons staff. As a result, the organization worked hard to communicate regularly, openly, and honestly with its workforce about how it was responding to a challenging environment. A dedicated team was set up at headquarters to provide such information on a daily basis.

The results of these actions were evident in the company's subsequent employee surveys, which saw increasing numbers of workers expressing pride in working for the organization.

Dixons therefore took a similar approach when merging with Carphone Warehouse to become Dixons Carphone. A merger website kept staff updated on developments and provided a direct line of communication between employees and senior leaders. A survey one month after the merger showed improved scores for open and honest communication with employees.

## Challenge 2

# Survival of the Nimblest: Enabling Agility

### What's the issue?

“It's not the biggest, the brightest, or the best that will survive, but those who adapt the quickest.” While this quote may or may not have been uttered by Charles Darwin, it is nonetheless a truism that could be applied to today's organizations as they grapple with the effects of the megatrends.

More than ever, change will be the only constant. In a fluid business environment, only the nimblest companies will continue to thrive.

This presents a significant challenge when it comes to maintaining engagement; for with change comes uncertainty. Employees can feel very insecure in times of change, as strategic and individual objectives regularly shift.

Clear and frequent communication is vital in such circumstances. But the nature of change is that the demand for information from employees can outpace what leaders and managers can give. This can further heighten insecurity, damaging staff confidence in an organization's leadership and strategic direction.

**“Agility can require some uncomfortable behavioral changes.... It means making your own judgment calls and putting your own neck on the line—in short, taking more initiative.”**

Sergio de la Calle, Senior HR and Global Culture Manager, Telefónica



## Why is an engaged and enabled workforce crucial?

An engaged workforce is your first line of defense for coping with change. “An engaged and enabled workforce is critical in allowing us to be more agile,” says Sergio de la Calle, Senior HR and Global Culture Manager at Telefónica.

Employees will be called on to solve problems and make quick decisions in response to unexpected and ambiguous situations. Businesses will need them to act independently but stay aligned with strategy.

For this to happen, they’ll need to make sure that people understand and support the company’s aims, and that decision-making processes are fast and effective. And they’ll need to instill a customer-first mentality so that people want to go all out to meet customers’ demands.

In such a climate, training must be a priority. Workers will need the skills to respond to new and unknown challenges. And at the same time, leaders and managers will need to be able to push decision-making downward.

That sounds simple enough. But making people feel comfortable with delegating can require a change of culture. This will need to be driven by the leadership team, through their own actions and behaviors.

As de la Calle puts it, “Agility can require some uncomfortable behavioral changes. It means not escalating every tiny decision. It means making your own judgment calls and putting your own neck on the line—in short, taking more initiative.

“That’s where real engagement lies. Successful organizations will be those that manage to instill that mind-set in their workforces.”

## How prepared are organizations?

More than a third of workers (35%) say their organization isn’t responding effectively to changes in market conditions and the business environment.

As businesses adapt, continuous training will be needed for staff to cope with the changing demands placed on them. Yet while 62% of employees are satisfied with the training they receive, only half say that they’re given enough time to take advantage of it. In our experience, businesses tend to be good at training people only when those people are new to the organization or are changing roles.

As mentioned, leaders will need to push decision-making authority downward to promote agility. Yet more than a third of employees (36%) feel that decisions are not generally made at the right level. So it’s not surprising that close to half (46%) are concerned about the speed of decision-making at their company.

There’s also room for improvement on the communication front. More than two in five workers (43%) don’t believe that their company communicates openly and honestly about change. Almost as many (41%) feel that the reasons for decisions that affect them aren’t adequately explained.



## What can I do about it?

### 1 Reinforce the need for managers to provide ongoing training for their teams.

Equip people with the skills they need now and in the future. Make sure managers are aware of the full range of learning and development opportunities available, and that they relay this to team members.

### 2 Support and promote decision-making at all levels.

Facilitate discussion forums and focus groups to pinpoint common decisions, and clarify where responsibility for them should lie. Incorporate that responsibility into your performance-management framework and policies. These should set out which decisions should be made at which levels. The pharmaceutical giant Teva went through a rigorous process of identifying important cross-functional processes and mapping the decision-making authority for each one.

### 3 Conduct regular pulse surveys alongside your annual employee survey.

This will help gauge workers' feelings and pick up on issues as the organization goes through change.

### 4 Assess your communication strategy around change and the company's future vision and goals.

Are communications tailored to make them relevant to different groups of employees? Your strategy will have different implications for people in different functions and roles, and at different levels of the organization. And in an individualistic climate, workers will expect their particular questions to be answered and concerns to be addressed. Make sure you identify opportunities to stress the importance of change. Telefónica and Standard Life have both produced internal videos that communicate the danger of an "as we were" mind-set.

### 5 Analyze your structure for unnecessary approval layers that delay decision-making.

### 6 Assess where digital tools can speed up decision-making and problem-solving.

Telefónica's Sergio de la Calle believes that internal communication tools should reflect how people interact in their everyday lives. "If people use social networks to communicate and break down barriers, then businesses should do the same," he says. Telefónica's Yammer platform is actively used by more than 60,000 employees. "It took time for it to build momentum," says de la Calle, "but once it did it had a snowball effect, and it's now become part of people's daily working lives."



## First Gulf Bank: Change in the DNA

Since 1999, First Gulf Bank (FGB) has risen from the lower ranks to first place in terms of financial performance in the UAE's banking sector.

Head of HR Gareth Powell puts this down to being consistently first to market. "Our culture is one of continual change and adaptation," he says. "We need to be extremely nimble, so our people need to be able to thrive in a fluid environment."

FGB has hardwired adaptability into its recruitment, training, and leadership-development processes, to make sure employees fit its culture. "Working here is suited to people who thrive in a high-pressure, fast-paced climate," Powell explains. "Employees must develop and demonstrate behaviors that will support agility."

This is particularly important in the company's senior leaders: "They'll be the ones championing and maintaining our culture, now and in the future."

Agility and innovation go hand in hand at FGB. A key aspect of the company culture is a spirit of entrepreneurialism. "We're always trying something new," Powell says.

It's a mind-set that starts at the very top. "The board's mentality is to allow ideas to go forward. When faced with a new idea, most leaders ask, 'Why? What's the business case?' Our CEO often takes a different approach. He asks, 'Why not?' He champions an entrepreneurialism that helps us move with the times."

## Standard Life: Ready for Anything

At Standard Life, agility comes down to one simple thing: being ready—ready to deliver whatever its customers need, whenever they need it.

When the British government announced changes to retirement pension rules, Standard Life's website received 100 times its usual volume of visitors. The company's response was fast. Within a few hours, the pension provider published a blog post about the changes and emailed 200,000 customers explaining what they meant. The next day, Standard Life announced changes to some of its products, to give customers greater flexibility under the new rules.

"The budget announcement wasn't something we could have anticipated," says Rachael Douglas. "But we were able to move quickly thanks to the commitment of our people."

Standard Life's people have a strong sense of the need to put customers first, Douglas claims. "Engagement is crucial to that," she says. "It requires discretionary effort from our employees to make changes happen so quickly."

And it requires rapid decision-making, which in turn means giving people autonomy. "Employees must be able to make decisions without going through layers of approval," explains Douglas. "And our employee survey results show that people want autonomy; they want to make decisions and respond to customers in an agile way."

"It boils down to trust," she continues. "You need to trust people to make decisions, to make the right things happen, and to be the subject experts that they're employed to be."

Having a clear and simple objective like "being ready" can be an important driver of engagement. "It instills pride among our people," Douglas says. "We want to be able to say that we're the first in the industry to be ready for change. So as a business, we make it clear that we're here to help our customers. For example, we recently launched our 'Ready When You Are' campaign aimed at 50- to 65-year-olds to help them understand the choices they have when new pension freedoms are introduced."

### Challenge 3

## Better Together: Big Collaboration

### What's the issue?

Life under the megatrends will become increasingly globalized (due to digitization as well as globalization 2.0) and a great deal faster-paced (given the speed of innovation that technological convergence will unleash).

Keeping up with change, and making the right strategic decisions, will call for new forms and unprecedented levels of collaboration. As Rebekka Tijsterman, Global Head of Recruitment at Aegon, puts it, "It's no longer enough for people to simply work alongside each other. Rising client expectations make it crucial for us to work together to cater for them as quickly and as seamlessly as possible."

Big collaboration will mean bringing together teams, functions, organizations, and even competitors, as businesses seek solutions to the complexities of the megatrends. "We define collaboration as 'thinking together, working together, winning together, and celebrating together,'" says Gareth Powell, Head of HR at FGB.

Realizing this has helped FGB rise to become one of the fastest-growing banks in the Middle East (see "First Gulf Bank: Change in the DNA" sidebar, under Challenge 2). The company recognized that changes

in the local market would require stronger customer relationships if it was to continue to compete effectively and sustainably. Powell tells us, "The drive for greater customer-centricity means we have to be more collaborative. We can't deliver anything to the customer unless all of the component parts of the business are working together."

Yet getting people to cooperate effectively will be difficult with a multigenerational workforce—and one that is increasingly used to working remotely. Malcolm Padley, Communications Director at Rentokil Initial, says, "Our workforce is mobile, so the challenge of collaboration really resonates."

Getting collaboration right will not only help organizations find the right answers in changing times; it will also smooth the transition as they adapt to a transformed business environment. "A key aspect of collaboration is making sure those who have something to say on a subject are involved," says Paul Robinson, Group HR Director at the engineering group Arup. "So when we make decisions, the people affected are already bought in. There's no need to win hearts and minds in order to implement change."

**"We operate all around the world. Markets may be different, but many of the issues we face are similar. Sharing best practice, innovations, and capabilities enables us to move faster and meet client needs more quickly while being more efficient."**

Rebekka Tijsterman, Global Head of Recruitment, Aegon



## Why is an engaged and enabled workforce crucial?

Collaboration can be an engagement factor in itself. As Rebekka Tijsterman of Aegon points out, many people are driven by the opportunity to cooperate. “We find collaboration drives two distinct groups of employees,” she explains: “those who like to work in a close-knit, collaborative team, and those who like working on a global level and who are motivated by the learning and development that this offers. We need to make sure we provide both groups with the opportunities they crave.”

But just as collaboration becomes more crucial than ever, it will also get a whole lot tougher. As objectives, practices, and processes evolve in response to the megatrends, it will be harder to know where to look for resources, information, and help.

Enabling big collaboration will mean establishing the right culture, platforms, and processes, and equipping people with the right skills to cooperate with colleagues from across the business. Otherwise, people will grow frustrated as they attempt to work with colleagues in other countries, functions, and divisions.

**“The people who succeed at Arup are those who can work together. It’s our job to equip them to collaborate, right from the off. When onboarding recruits, we go out of our way to help them understand our collaborative culture. We stress the need for relationship-building, dialogue, and consensus in order to get decisions carried out.”**

Paul Robinson, Group HR Director, Arup

## How prepared are organizations?

Working closely with colleagues sounds easy in principle—in our experience, employees are generally happy to work together to get the job done. Indeed, 80% of employees globally put team-working among their organization’s strengths.

However, many businesses will struggle to enable big collaboration—cooperation beyond the team level. Close to half of workers (44%) say their teams aren’t adequately supported by colleagues elsewhere in the business. Almost as many (43%) are critical of communication between departments. Two in five (40%) do not feel that there’s a cooperative culture at their organization. And more than a third (35%) feel that cooperation and sharing of ideas and resources across their company is not readily encouraged.

**“Collaboration is a powerful weapon for one simple reason: because no one of us is as smart as all of us.”**

Eduardo Kuperman, Director of Employee Engagement, Teva



## What can I do about it?

### 1 Embed digital tools to help people work together more effectively.

Rentokil Initial has introduced a suite of collaboration tools to enable instant communication between employees in different parts of the world. “The pace of take-up of these platforms has been brilliant,” says Malcolm Padley. “Colleagues have really got behind it because they’ve seen the benefit in their own roles.”

Technicians across the world can now share their challenges through posting pictures or streaming videos of the problem and can receive responses almost in real time. Lessons can be shared immediately with the whole virtual community.

Simplifying collaboration in this way has also affected Rentokil’s bottom line. For instance, in Australia, travel and accommodation costs among nonservice colleagues have fallen by more than 40%.

Padley explains the key to encouraging the use of such tools as follows: “It’s all about relevancy and ensuring that they are embedded into operational roles—sharing operational challenges, important health and safety matters, training, sales leads, targets, and incentives—important information that affects the individual role rather than the ‘nice to do’ communications piece. There’s nothing wrong with that, but in order to get real engagement around these tools, you have to make them real and relevant for employees if they are also to use them to collaborate.”

### 2 Establish formal cross-company teams.

Task teams to work on projects and then showcase the benefits of collaborative behavior. Start by building cross-unit and cross-border teams to work on different elements of the action plan that come out of your employee survey.

### 3 Encourage communities.

Aegon has a series of online communities on its intranet, each discussing a different topic. However, these can’t be forced into existence, warns Rebekka Tijsterman. “They need to grow from the bottom up. They need to develop around a compelling issue, and around an active and engaging sponsor.”

### 4 Consider introducing buddying and mentoring schemes.

These are programs where people work with and learn from colleagues elsewhere within the business.

Global retailer Tesco runs initiatives where leaders and employees from headquarters work in local branches and stores. This fosters a sense of being one team and builds an understanding of others’ roles.

As part of its onboarding program, Arup allocates new senior managers an advocate for their first year. That person acts as a mentor, introducing the new senior manager to the people they need to know and work with to get things done.

### 5 Encourage two-way knowledge-sharing between older and younger generations.

Arup runs a series of skills networks, which organize formal networking events and share information through intranet forums. Each network has a leader responsible for sharing knowledge and expertise on the skill set in question. The company also has around 30 senior technical “gurus,” who take time away from the day job to pass on their expertise. Each has a dedicated budget for this activity.



## 6 Analyze your employee survey results.

- Identify areas where collaboration can be improved. Then work with the teams in question to formulate action plans to achieve this. Bring in facilitators from parts of the business that collaborate well, so others can learn from them.
- Find examples of effective collaboration and showcase them. Make them real by putting people's names and faces to them.

## 7 Make sure you're asking the right questions in your survey in the first place.

This is vital to do in order to correctly identify and understand what the challenges around collaboration really are.

## 8 Formalize each individual's role in making collaboration happen, whatever their level.

Incorporate measures of collaboration into your performance management program.

## 9 Reward, recognize, and showcase collaborative behavior.

Teva takes an intelligent approach to this. The company incorporates insights on collaboration from the employee survey into executives' performance measures and reward packages, to encourage them to drive cooperation. In addition, some business units are given mutual key performance indicators, so that their performance rating depends on their combined efforts towards a common goal.

**“Just as apps and social media are transforming consumer behavior, they're also making a real difference in business—collaboration builds productivity and the bottom line.”**

Malcolm Padley, Communications Director,  
Rentokil Initial

## 10 Avoid celebrating alpha-type personalities who go all out to beat their targets.

Lionizing this behavior sends the message that individual success is valued above cooperation.

FGB's quarterly recognition program awards teams and individuals for collaborative behaviors and results. “We've deliberately tipped the balance towards team achievements,” Gareth Powell explains. “One of the criteria is: How many parts or functions of the bank were involved? As a result, we're seeing more examples of collaboration between individuals and teams across the business, not just within departments.”

## 11 Make your top team lead by example.

Ensure that they use the collaborative tools you put in place.

Mubadala, the development company tasked by the government of Abu Dhabi to expand the country's economy, holds monthly “engagement network” meetings. “These bring managers together from across the organization to discuss corporate-wide initiatives, consult on how to move forward with specific projects, and gather feedback from employees. This feedback is then shared with the leadership team,” says Umayma Abubakar, Head of Employee Engagement.

**“We believe that a culture of partnership will drive a collaborative climate. We want people to feel that they own a part of the business, and that they're jointly responsible for its success.”**

**We want them to be part of something special, something they feel connected with, and that they can be proud of.”**

Katie Beavan, Global Head of Talent,  
UBS Investment Bank



## Aujan Coca-Cola: Sticking to the SCRIPT

Aujan Coca-Cola Beverages Company, the Middle East's leading beverage manufacturer and exporter, has made great efforts to weave collaboration into the fabric of the business in response to the results of its first employee engagement survey.

The company put collaboration at the heart of a new set of values, known by the acronym "SCRIPT": simplicity, collaboration, respect, integrity, performance, and transparency.

To help generate a more collaborative climate, Aujan Coca-Cola launched a number of initiatives, including a "meet the customer" program that sees people spend a day working on the front line of a different function, such as sales or manufacturing. Participants then share feedback and suggestions. "Our teams work across various functions in 15 countries, and felt disconnected from other parts of the business," says Jiten Puri, Head of Talent and Organizational Development at Aujan Coca-Cola. "This was a way of opening up communication channels, to build bonds between the functions.

"We've had really positive feedback about the program," he enthuses. "People tell us that they can now empathize more with other teams. They understand their challenges and now make suggestions as to how to solve them."

The firm has put a lot of energy into team-building activities, including forming a social committee—a cross-functional team that organizes events such as sports tournaments and volunteer projects. This has helped employees build informal relationships outside of work. "Putting names to faces in a nonwork setting makes working together a lot easier," Puri says. "These informal activities really add value."

Aujan's merger with Coca-Cola presented a whole new collaboration challenge: the need to work closely with a different business. "We have a lot of collaboration happening with Coca-Cola," Puri points out. "The two senior management teams visit each other around the world, to share ideas and best practice and develop processes that will help the two organizations to succeed together."

Going forward, Aujan Coca-Cola plans to improve communication channels to further enhance cooperation—starting with an intranet-based collaboration platform. This will allow employees to work together on shared documents and will also host an "ideas bank." Puri explains: "The tool will help people get more involved in everything we're doing, operationally and socially."

## Challenge 4

# Placing Your Bets: The Innovation Imperative

## What's the issue?

“We’ve always done it that way” are arguably the six most expensive words in business.

Now more than ever, the megatrends will place innovation center stage. Coasting along won't be an option in the new world; organizations will need to continually demand initiative and ideas from their people.

Businesses will be forced to innovate to keep up with the startling pace of technological change and to take advantage of new markets forged by globalization 2.0 and technological convergence.

And they will need to seek new, more effective ways of working, collaborating, and problem-solving to tackle the challenges of a changing business environment.

Critical to this will be two things. First: realizing that innovation isn't just R&D's job, it's everybody's responsibility. As Mohammad Hassoobah, Chief Human Resources Officer at the Saudi Stock Exchange, tells us, “Great ideas come from people. We succeed because we listen to them.”

Second: instilling a customer-first mentality. Gary Short, Global Talent Manager at Kimberly-Clark, says, “‘Think Customer’ is a behavior we reinforce in all of our employees. Constantly thinking about our customers keeps us focused on delivering our commitment to them.”

**“Great ideas come from people. We succeed because we listen to them.”**

Mohammad Hassoobah,  
Chief Human Resources Officer,  
Saudi Stock Exchange



## Why is an engaged and enabled workforce crucial?

Successful innovation either makes money or saves money. So it needs to be part of an organization's culture, values, and mind-set; it needs to be business as usual. As Kimberly-Clark's Gary Short puts it, "Innovation is not an end state. It's an ongoing process."

Businesses must therefore engage their people to be inventive by fostering a culture of innovation. They'll need to transform their working cultures from focusing on getting the job done to taking responsibility for the company's continuing success.

People generally want to work for organizations that offer good prospects. So employers who show that they're committed to innovation for long-term success will be more likely to keep talent engaged, now and in the future.

**"The people who succeed at Arup are those who can work together. It's our job to equip them to collaborate, right from the off. When onboarding recruits, we go out of our way to help them understand our collaborative culture. We stress the need for relationship-building, dialogue, and consensus in order to get decisions carried out."**

Paul Robinson, Group HR Director, Arup

This will mean enabling employees to get involved with innovative projects and empowering them to come up with ideas to improve the business. It will require education and training, so that people learn how to be more creative. And it will demand flexible working environments, structures, and support systems, to generate the conditions for ideas to flourish and be implemented.

What's more, organizations will also need to promote big collaboration (see Challenge 3), so that ideas can flow across the business.

Achieving all of this won't be easy. Leaders will need to create clarity for employees about the company's vision, goals, structures, and processes. They'll need to make clear what's expected of individuals, and what part each employee plays in cultivating strong future performance. They'll also need to set clear but challenging goals, to encourage teams to consistently raise the bar. And they'll need to drive an entrepreneurial spirit by rewarding and recognizing innovative behaviors—even if risk-taking doesn't immediately pay off.

## How prepared are organizations?

Employees aren't convinced that their companies are innovative enough when it comes to improving how work is done.

Almost half (44%) do not rate their organization highly for using new technologies and creative approaches to enhance performance. Still more (47%) feel that their ideas aren't put into practice. Almost half (48%) don't believe there are enough people in their teams to get the work done, let alone take on additional initiatives, and 37% don't believe they're encouraged to take reasonable risks to try out new ideas and ways of working.

So it's not surprising that almost two-fifths of workers (39%) say their company isn't innovative when it comes to developing new products and services.



## What can I do about it?

### Generate a culture of innovation:

#### 1 Evaluate the gap between how innovative your culture currently is and how innovative it needs to be.

Korn Ferry's Organizational Culture Assessment tool measures how far away companies are from their desired culture.

#### 2 Assess your leaders' styles.

Our research shows that an innovative climate is influenced by the particular styles that leaders apply. Our Leadership Styles and Climate diagnostic helps you determine whether your leaders are adopting the right styles to encourage innovation. If not, provide training and coaching to help them develop the necessary behaviors. Our Activate Leadership Styles and Climate app acts like a personal coach in your pocket, helping to embed leadership behaviors and make them stick.

#### 3 Create clarity.

Innovation is fostered by clear direction. Ensure that your leaders communicate and explain your organization's vision, goals, strategy, structure, and processes. Employees need to know what's expected of them and understand their role in forging innovation. Leaders need to articulate this, to align workers' creativity with the company's long-term mission.

**“Our ethos encourages people to cooperate to find solutions to problems. We put teams together and give them the time and the space to work through a problem and come up with an innovative answer.”**

Paul Robinson, Group HR Director, Arup

#### 4 Reward and recognize innovation.

Highlight innovations that have had a real impact—and celebrate the employees involved.

Kimberly-Clark analyzes its employee survey results to find leaders and teams that have generated a creative environment by removing barriers to innovation—in order to learn from their achievements and replicate them.

#### 5 Foster collaboration.

Put processes in place for people to learn from colleagues across the business when looking for solutions to problems. Collaboration in all its forms will be needed to meet the challenges of the megatrends (see Challenge 3). Consider holding workshops to share achievements, ideas, and experiences between teams.

UBS Investment Bank instituted a series of CEO summits, where groups of junior employees meet with the CEO face-to-face to generate ideas and think innovatively about the company's future. “The summits are centered around the notion of disruptive thinking,” says Katie Beavan. “It's really important that we're open to the fact that existing business models and ways of working aren't likely to work in the future. The summits help us think about how we can move away from the tried and tested, and how we can think differently about things in a way that will serve us well in the future. We emphasize the importance of employees' input from the start, by asking them to help us shape the agenda of these meetings.”

#### 6 Bring new ideas and thinking into the organization.

Consult outside experts, seek customer feedback, and establish platforms for employee suggestions.



## 7 Make innovation part of your recruitment strategy.

Hire people with a track record of creativity and working on successful and innovative projects. Find innovation champions and task them with leading cross-company task forces and think tanks on innovation.

Korn Ferry's assessment services allow you to assess a person's key behaviors at work, helping you to make more informed selection decisions.

Roberta Brolezzi Rosario, Organizational Development Coordinator at the Brazilian energy company CPFL Energia, highlights the importance of recognizing and valuing diversity. "To keep up with change in a dynamic sector, we need to recruit and form highly diverse teams in terms of background, age, knowledge, and skills," she says. "This gives us a richer blend of experience, which leads to better problem-solving."

## 8 Signal that the business supports risk-taking.

Openly persevere with ideas and innovations that don't immediately pay off.

## 9 Formalize experimentation.

Provide innovation budgets to all parts of the organization, and track results to measure the effectiveness of risk-taking.

## 10 Give employees opportunities to listen to and understand customers.

This helps generate ideas about how best to serve customers' needs. Where possible, offer employees the chance to work on the front line if they normally work behind the scenes. Involve them in customer focus groups.

## 11 Encourage innovative thinking from the outset.

Graduate trainees at Whitbread are tasked with coming up with solutions to live projects and putting their ideas into action at the end of the program.

## Enable people to be inventive:

### 1 Review the results of your employee survey.

Identify opportunities to simplify and improve work processes, remove duplication, and bring in new technologies.

Give people designated time to work on innovative projects. Consider running *Shark Tank* or *Dragons' Den*-style initiatives, where employees can pitch ideas for improvements. Google famously allows its employees to work on side projects one day a week, and to pitch creative ideas to senior management.

### 2 Expand people's horizons.

Provide training and development opportunities aimed at enabling people to keep up with rapid change and learn about new areas beyond their day-to-day responsibilities and expertise, such as category management, market research, and new-product marketing.

Move people around the organization to spread ideas and encourage fresh thinking. Companies such as Arup and Aegon assign high potentials to different parts of the world, exposing them to new ideas and different ways of working.

**"We're making it clear through our strategy that the world is changing, and that we must change with it. But it's vital to reinforce this by putting our money where our mouth is—by showing that we're investing in innovation, new capabilities, and technology. That's what really brings innovation to life for our employees: seeing it actually happening."**

Rebekka Tijsterman, Global Head of Recruitment, Aegon



## Banco Santander: A Simple, Fair, and Personal Bank

“At Banco Santander, everybody plays an important role in driving a culture of innovation,” says HR Director Silvia Ruiz Barceló.

The bank has launched a platform called “Santander Ideas” for workers to share their suggestions for making it a better bank. More than 24,000 employees have registered to use the platform, with over 10,000 recommendations posted so far.

Every idea is analyzed and evaluated by a team of experts, who assess which can realistically be implemented in a way that will make a difference. There’s also a recognition program for ideas that are introduced across the company.

## Aegon: Getting Closer

“Innovation is critical in a dynamic sector like financial services,” says Aegon’s Rebekka Tijsterman. “We need to constantly reinvent ourselves, and interact with customers in new and different ways, if we’re to move with changing times.”

In an evolving market, success will depend on finding new ideas to meet customers’ complex needs. “Key to this is really getting to know our customers and putting them at the heart of everything we do,” Tijsterman points out. “A customer-centric approach is vital to an innovative culture.”

This means changing how people work, she explains. It requires a different mind-set and new capabilities. “Employees need to think like our customers do. They need to understand what customers want, and know how best to deliver it.

“We need that at every level of the company. We need our people to think about every process and how it affects our customers. They must want to make things better—for Aegon and, more importantly, for our customers.”

Time and effort spent getting to know customers will therefore be fundamental. With this in mind, Aegon developed a “customer license” program. This requires employees to spend a day in a customer-facing role. They provide feedback on their experiences and on what they’ve learned, and give suggestions as to how the company can better meet customer needs. Participation in the program also forms part of performance-management criteria in some parts of the business.

Aegon realizes the importance of not just engaging people to get closer to its customers but also enabling them to do so. So it invested in its customer relationship-management system and in training on customer analytics.

“You can enthuse people about serving customers,” says Tijsterman, “but if you don’t give them the tools and abilities, they can’t put it into practice.”



## Challenge 5

# Smarter Solutions: Maintaining Productivity

## What's the issue?

The megatrends will pull organizations in two directions at once.

While making sure innovation is part of the day job, organizations mustn't take their eye off the day job itself. They need to stay focused on operations, ensuring that execution remains consistent, efficient, and effective and that people are as productive as possible.

This need for consistency of delivery is not lost on Skylark Restaurants. The Japanese restaurant giant has a team of "community employees." Instead of moving around the company (which is conventional business practice in Japan), these managers stay permanently at one outlet. This roots them in the local community, drives deeper relationships with regular customers, and instills a sense of continuity.

Getting the right balance between innovation and execution won't be easy, as there's an inherent contradiction between the two. Innovation brings change, while operations need consistency to run smoothly.

Yet organizations won't have the luxury of prioritizing one over the other. They'll need to multitask. They'll need to innovate in response to change while maintaining operational excellence (see "Aujan Coca-Cola: Ringing In the New" sidebar).

Our research shows that the world's Best Companies for Leadership do just that. Leaders at these companies continually flex how they use their authority, influence, and leadership styles, as they move between operational issues and innovation challenges. They act as a bridge between the core business and the new opportunities that will secure its future.



## Aujan Coca-Cola: Ringing In the New

Aujan Coca-Cola is an organization that is well aware of the balance between innovation and productivity.

In an industry shaped by changing consumer needs, a common challenge for the company is to avoid long research and development cycles. “Innovation means continuously improving our processes and execution capability,” says Jiten Puri, Head of Talent and Organizational Development at the company.

“When you’re constantly striving for operational excellence, innovation can take a back seat,” he explains. “We need to find the right balance between innovation and execution, between doing our work well and being creative about how we do it.”

This means balancing experienced employees with fresh blood. Aujan benefits from a very loyal workforce—most employees have been there for ten years or more. But this can hold back innovation, Puri warns. “People settle into habits. They stick to the way they’ve always done things, and assume that that’s the best way to do them. So we decided to bring in new blood to help drive change.”

Aujan has recruited senior managers from various multinationals over the past few years and tasked them with bringing about change. Their initiatives have at times met resistance from long-standing employees.

“We’re gradually moving in the right direction,” Puri affirms. “It takes time, effort, and energy to get some of our older hands on board with change. We need to be careful to keep these people engaged. For them, it’s a cultural change, which can’t happen overnight.”

To support managers’ efforts, the firm is planning to provide more behavioral training, principally on change management and influencing stakeholders. This is to become part of its leadership-development program.

Puri also recognizes the need to encourage innovation at all levels of the organization. “We must recognize and reward people for making suggestions,” he says. “Employees need to understand that coming up with ideas will benefit them as well as the company. We need to work closely with our reward team to implement this in a way that really helps drive the change the business needs.”

## Why is an engaged and enabled workforce crucial?

It stands to reason that engaged workers are more productive. But sustaining employee motivation will be a challenge as firms grapple with the conflicting priorities brought on by the megatrends.

Organizations will need to enable people to work smart as well as hard, particularly as work-life balance comes under increasing strain. Coping with the megatrends will mean longer hours, more erratic work schedules, an “always-on” culture, and the need to do more with less.

Many businesses have made attempts to address work-life balance. But in our view, their approaches have been largely tactical—for example, giving employees greater flexibility over when and where they work. While that’s helpful, it fails to address the fundamental problem.

The professional and personal demands on today’s stretched workers leave them with a lot to do and little time in which to do it. More enabling work environments will help employees accomplish tasks more efficiently, leaving them more time for their personal responsibilities (while also making the business more productive).

Even when workloads are heavy, employees will feel better about working long hours if it’s for a clear and compelling purpose, and if the structures and processes they encounter support rather than hinder their efforts.

Getting work-life balance right has real business benefits. We mapped employees’ views on support for work-life balance at their organization against their intention to stay. More than a quarter (27%) of people at companies in the bottom quartile for work-life balance planned to leave within the next two years—compared to just 17% in the top quartile.



## How prepared are organizations?

Efforts to address work-life balance aren't necessarily having the desired effect. Almost a third of employees worldwide (32%) express concern about stress at work. And almost two-fifths (39%) don't feel that their companies are doing a good job of helping them balance work and personal responsibilities.

Businesses are also falling short when it comes to creating enabling work environments. Close to half of employees describe their organizations as not operating efficiently (44%) and as not effectively organized and structured (45%).

What's more, over half of workers (52%) say that there aren't enough people in their area of the business. This can only heighten stress and exacerbate work-life balance pressures. But it may also reflect a wider efficiency problem.

In our experience, staffing concerns tend to surface if employees are poorly trained, held back by ineffective processes, unclear about their objectives, or uncertain of their authority to act. Such factors are symptoms of the shifting objectives and accountabilities that come with rapid change.

## What can I do about it?

### 1 Stay focused.

Avoid the temptation to take on all challenges at once—being selective about where to focus improvement efforts will generally mean a higher return on investment. Dedicate your resources to high-priority initiatives and clarify “must-win battles” to keep employees focused on value-added tasks.

Make clear which tasks are most urgent or critical and which will have the greatest impact on the business. Don't leave pressured workers to struggle alone with these decisions—Telefónica, for example, reduced its strategic focus and then produced a video to clarify this for its employees.

### 2 Be fair.

In high-pressure environments, employees want to feel that they're working hard for a fair return. Promote a sense of equality through clear communication and consistent implementation of reward, performance management, and other such policies. Encourage and support managers in reinforcing this. And ensure that workloads are equally distributed.

### 3 Guard against complacency.

Avoid the trap of routines: encourage managers to continually reexamine work processes as your organization's strategic goals evolve. Structures and processes are there to help employees accomplish everyday tasks as efficiently as possible. But as conditions change, they may no longer be the best way to get things done.



#### 4 Define authority.

Clarify employees' decision-making responsibilities. A lack of boundaries is limiting, not empowering. If employees don't know how far their authority reaches, they may well opt to do nothing, for fear of overstepping the mark.

But with explicit permission to act, people can make decisions and pursue more efficient ways of working without worrying about going too far.

#### 5 Draw lines of responsibility.

Specify accountabilities within and across business units. Employees need to know who's responsible for what, to avoid duplicating efforts or working at cross-purposes. In times of change, lines of responsibility become blurred. This creates inefficiencies and fosters uncertainty about where to go for information and support.

#### 6 Emphasize the importance of well-being.

Demonstrate that well-being is a priority for your organization as an employer.

The US manufacturer Luck Companies does just that. It holds annual "benefits fairs" in all divisions of the business, to check on the health of its people and then educate them on well-being. Employees are rewarded for maintaining healthy lifestyles (for example, not smoking) and hitting certain health-related targets.

Chief Leadership Officer Mark Fernandes told us, "It's imperative that we show that we care about the well-being of our people, by carving out time to allow people to focus on it. We have a tradition of company-funded cookouts for national holidays and years-in-service celebrations, where we shut down early and break out the grills."

#### 7 Assess opportunities for digital tools to increase productivity.

Luck Companies recently provided iPads to their warehouse workers and delivery drivers. "In the past, we didn't know when a truck needed to be loaded, or what with, until it pulled into a yard," says Fernandes. "With the iPads, truck drivers can relay this information in advance, so loaders can be ready and waiting with the right materials when a truck pulls in."

Digital technology has also allowed the company to enhance plant automation. "Managers can watch their plants run from their home computers and shut down any part of the manufacturing facility from their living room if need be," says Fernandes. This has had a knock-on effect on work-life balance, significantly reducing overtime.

#### 8 Don't be afraid to make bold organizational decisions to enhance productivity.

"It may be necessary to restructure, removing layers if they're slowing things down," says Sergio de la Calle at Telefónica. Make sure communications about any restructuring activities are crystal-clear, or people may become concerned—and therefore disengaged. Stress the benefits for employees, customers, and the business.



## The Engagement Challenges: The Global Picture

Our global employee survey data reveals some interesting regional and industry contrasts in workers' views on how their organizations are coping with the five key engagement challenges

**“What’s clear is that we must avoid being complacent. As the world changes, we need to stay on the front foot to sustain success. The pace of change, the appetite for change, and the restlessness of the organization mean we can’t rest on our laurels.**

**We have to keep reinvigorating our people.”**

Paul Robinson, Group HR Director, Arup

### 1 Transparency

Avoid the temptation to take on all challenges. Companies in Asia Pacific are leading the pack when it comes to increasing levels of clarity and transparency around their strategic direction. Over the past year, the percentage of workers who say that they understand where their organization is heading jumped by 4% compared to an increase of only 2% in Europe, and a 1% decline in the USA.

Concerns over transparency are also reflected in workers' varying perceptions of compensation practices and the link between reward and performance; this is particularly acute in the Middle East and Africa.

This may reflect high workloads in these fast-growing markets. When employees are asked to do more, they worry more about the balance between what they're putting in and what they're getting back from their employers in return.

Organizations in the communications sector are among the most successful at creating a fair balance between the work employees put in and the rewards they receive. However, organizations in retail, hospitality, and financial services appear to be struggling to achieve that balance, with employees in these sectors tending to be more critical about the fairness of their compensation.

### 2 Agility

Employees in Europe are the least positive when it comes to the speed of decision-making within their organizations.

Conflicts between parties are generally harder to resolve in consensus-oriented cultures like those in Europe, where a lack of alignment over chosen paths is likely to be viewed as particularly problematic.

Increased regulatory scrutiny following the global financial crisis has introduced considerable change into most financial-services organizations. In this context, it is encouraging to see that employees in the banking sector are most favorable across sectors regarding the effectiveness of change-related communications.

Change is, of course, also an ongoing reality in high-tech companies. High-tech employees are least favorable regarding the adequacy of training to help them perform their jobs well, indicating a need to make further investments to prepare employees to respond to changing roles. Employees in the industrial sector are least positive when it comes to decision-making taking place at the appropriate level, suggesting that they see opportunities to increase agility through greater support for tactical decision-making on the front lines.



### 3 Collaboration

Employees in Asia are happiest about cooperation across organizational boundaries, while workers in Europe and North America report the greatest challenges. The views of Western employees in this respect may be due to the concentration of global corporate headquarters in these markets, with responsibility for coordinating across time zones and cultures.

Our data shows that organizations in industrial goods (e.g., automotive, industrial machinery, containers, and packaging) and consumer goods (fast-moving consumer goods, consumer durables) are struggling most to adapt to the collaboration challenge, and need to better promote team-working across departments to foster innovation and higher levels of customer service.

### 4 Innovation

A mixed picture emerges here. On innovating work processes, workers in Latin America, the Middle East, and Africa are more positive than their counterparts in Europe and North America. They're also happier with the way their organizations review work processes and align them with changing company goals.

By contrast, employees in Europe and North America are more impressed with their organizations' ability to develop new products and services. However, they're the least favorable when it comes to support for individual risk-taking. This may suggest that Western businesses are struggling to embed innovation as a company-wide capability.

Ongoing innovation is a major focus for high-tech organizations, yet employees are not scoring their companies highly when it comes to product innovation or the innovative nature of the working environment. However, in the communications sector the story is different. Employees there view their organizations as being particularly dynamic, with leaders supporting the need for risk-taking and ongoing innovation in how work needs to be done.

### 5 Productivity

Concerns about staffing levels vary little by region. However, there are marked differences when it comes to support for work-life balance. People are more positive about this in the Americas, and least satisfied in Europe.

Cultural expectations no doubt play a role here. But the findings are a warning for European companies. They need to create more efficient ways for their employees to work, so as to minimize work-life balance pressures and sustain the engagement of their people.

Approximately half of employees believe their organizations are underresourced. But perceptions of organizations which support work-life balance vary considerably by industry. The communications sector, for example, scores highly, while organizations in industrial goods are ranked as the least supportive.

To sustain employee engagement, organizations will need to look beyond tactical solutions (for example, more flexible work arrangements) and ensure that they are positioning people to carry out tasks as efficiently as possible by creating a supportive working environment.



## Final Word

The megatrends will turn the business world upside down. Employee engagement and enablement will become key battlegrounds in a complex, fast-moving, and intensely competitive environment. They'll also look very different—and be harder than ever to achieve and maintain.

Organizations need to start thinking now about how to maintain engagement and enablement in the future. Finding—and implementing—the answers will involve the entire organization.

But there are practical steps you can take now in order to be ready. HR has a vital role to play in creating awareness of the need for change and in driving the strategies, actions, and behaviors that will keep people motivated, now and in the future.

### Keeping Tabs

A clear theme emerged from our conversations with organizations about maintaining engagement in the face of change: the importance of the employee survey.

The employee survey will be a vital tool to gauge sentiment as workers find their place in the new world. “It will be really important for us to measure progress over the coming few years,” says Katie Beavan at UBS Investment Bank. “So the survey has to be an integrated part of our talent and people strategy.”

The employee survey will also be key to monitoring progress in relation to each of the engagement challenges that the megatrends will throw up.

Take transparency, for example. Ruth Jackson at Whitbread and Premier Inn told us, “Transparency is something we'll need to measure more closely through our survey. As a company grows, it naturally becomes harder to maintain levels of trust. So we'll need to put more of a focus on transparency in future surveys.”

Or innovation. “We need to keep trying new, different, and exciting things,” says Gareth Powell at FGB. “We think that's the best way of enhancing the employee experience, and with it, levels of engagement.”

“That's why we're pushing hard for more regular surveys, to find out how we can continue engaging our people.”

**“Adapting to the changes on the horizon is the responsibility of the whole business. HR's role is to hold a mirror up to the organization, create awareness of the need for change, and share vital information.”**

**We need to be asking the leadership team, ‘Have we thought about this?’ It's a conversation we're having across the senior team at Whitbread. We know we have no choice but to get ready for change.**

**We've done a lot of thinking about what the world will look like in a few years' time and what we need to do about it. How can we maintain our position for growth? What skills will we need from our workforce? What will our employees want from us? How will they expect to work and to be treated? What will this mean for our culture and for the working climate we must create?**

**Everybody who leads part of the company is aware of the need for change. We have to keep looking at what will drive people in the future. Preparing for it will be a collaborative effort.”**

Ruth Jackson, Head of Engagement and Communications, Whitbread and Premier Inn



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### About Korn Ferry Listen

*Korn Ferry Listen provides survey research solutions that deliver insight across all the touchpoints of an employee's experience at work. Our customized survey programs generate breakthrough insights that enable our clients to attract, motivate, and retain talent; improve operating effectiveness; and drive customer loyalty. Through powerful digital survey tools and one of the world's largest databases of engagement and culture intelligence, we help our clients put the voice of their people at the center of successful strategy delivery. Contact us today to find out how Korn Ferry Listen can elevate your research program.*

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