

Visualizing the Payoffs of Employee Engagement

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12/8/2011



A great deal of attention has been paid to the matter of employee engagement in recent years – and for good reason: it has been well established that employees who are engaged with their work and their organization contribute far more of their discretionary effort than employees who are not engaged or, worse, those who are disengaged. This paper visually illustrates the nature of the payoffs from employee engagement.

Visualizing the Payoffs of Employee Engagement

A great deal of attention has been paid to the issue of “employee engagement” in recent years. The payoffs claimed seem clear enough: (a) engaged employees expend much more in the way of discretionary effort than employees who are not engaged and (b) organizations with engaged employees enjoy significantly better business results. In simpler terms, employees who go the extra mile produce more and better results. My aim in this brief paper is to visually clarify the nature of these payoffs and point out two basic strategies for realizing them. Let’s begin with the core issue: discretionary effort.

It has been known for many years that employees control the upper limits of their performance and productivity. Ultimately, the most and the best that can be obtained from employees is what they are willing to give, even when under duress. It is also widely understood that management controls the lower limits of employee performance and productivity. Employees who consistently fail to meet minimum standards are soon gone. This balance of control between the lower and the upper limits of employee performance and productivity is shown in Figure 1.

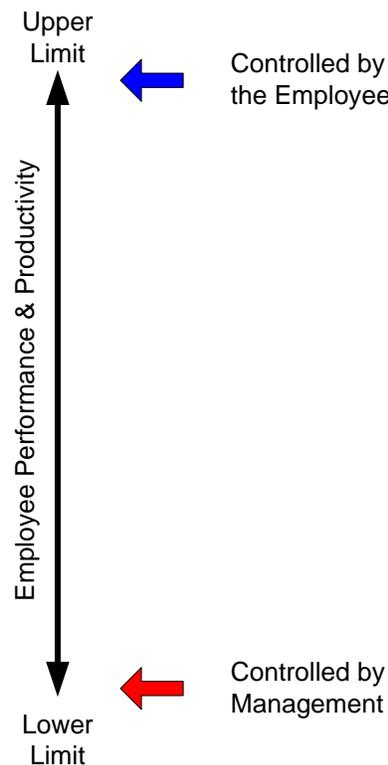


Figure 1 - Upper and Lower Limits of Employee Performance & Productivity

Fortunately, for most employers, the actual performance and productivity of most employees rarely hovers around the minimum acceptable. Unfortunately, only in equally rare cases does it hover around the maximum possible. Typically, it is somewhere between these two extremes. For the sake of discussion, let’s say that the typical level of employee performance and productivity is about halfway between the lower and upper limits, as shown in Figure 2.

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Because employees control the upper limits of their performance and productivity, any increase in productivity and performance above the minimum or beyond current levels is always at the employee's discretion. It is worth emphasizing that the entire range of performance and productivity between the two extremes is at the employee's discretion. "Discretionary effort," then is not an inconsequential matter.

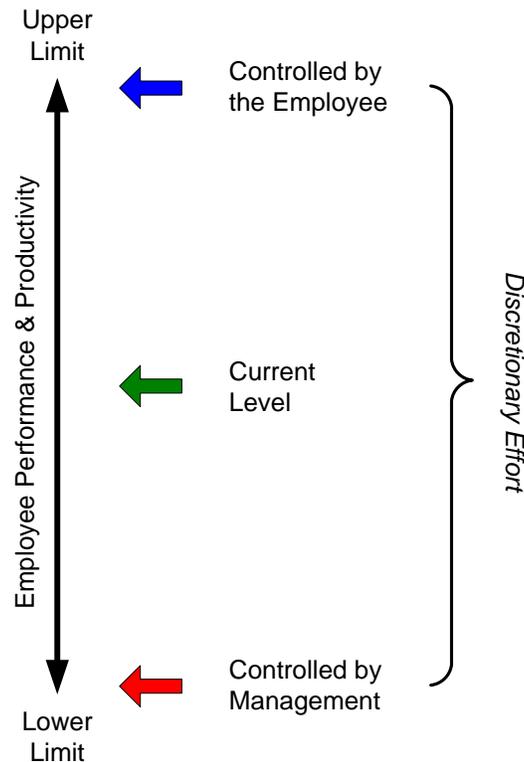


Figure 2 - Discretionary Effort

Because any improvement in employee performance and productivity is at the employee's discretion, and because it has been shown that engaged employees make more of this discretionary effort available than is done by employees who are not engaged or disengaged, it is clear that management is well served by putting in place practices that lead to engaged employees and, at the same time, avoiding or putting an end to practices that reduce engagement or lead to disengaged employees. Management practices that reduce employee engagement or lead to disengaged employees also lead to reduced employee performance and productivity. There are, then, not just gains to be achieved but also losses to be avoided.

Consider now three cases: (1) current performance and productivity is near bottom, close to the minimum management will accept; (2) current performance and productivity is near the top, close to the maximum employees can possibly contribute; and (3) current performance and productivity is somewhere in the middle between the two extremes.

In case one, there is tremendous potential for improvement as a result of engaging employees. In case two (essentially as shown in Figure 2 above), there is less to be gained but much to pro-

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fect. In case three, there is a great deal to protect. Reduced to the obvious, there are two basic engagement strategies: (1) strive to engage the unengaged; and (2) work to maintain and improve engagement where it already exists. The emphasis or balance between these two strategies will reflect the extent of the gap between current and maximum levels of employee performance and productivity.

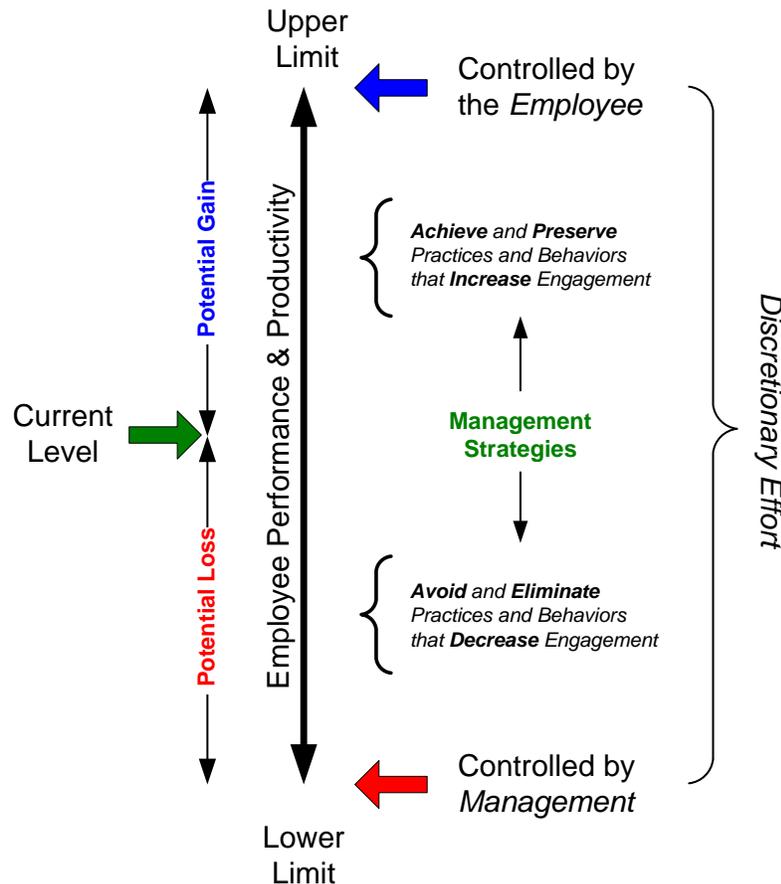


Figure 3 – Strategies for Achieving and Maintaining Employee Engagement

The preceding discussion is summarized in Figure 3. Any improvement in employee performance and productivity above the minimum that is acceptable to management is at the employee's discretion. Engaged employees contribute more of this discretionary effort than employees who are not engaged. These discretionary contributions lead to much better business results than is the case without them. If management wants to raise the current performance and productivity levels of its employees, it needs to (1) put in place and maintain practices that lead to engagement and (2) avoid and eliminate practices that decrease employee engagement. These options are of course at management's discretion. So, in the end, as I hope these visuals make clear, any improvement in employee performance and productivity is truly discretionary, no matter whose perspective you take.