

This primer covers the essential elements of Enterprise Engagement and specific resources your organization can utilize to implement engagement efforts.



improving processes as a way for each business unit to gain more resources and influence. Many companies are willing to sacrifice customer service to save money, such as instituting voice mail systems well known to annoy most people, because they are often unable to measure any financial cost to the dissatisfaction of customers. In the past, it was easier to measure the cost-savings than the value of customer engagement.

Background

Enterprise Engagement has its roots in research conducted in the 1990s connecting financial results in Sears stores to the engagement of employees. Additional research on the connection between customer and employee engagement began to emerge in the late 1990s, when Gallup began to publish studies on the cost of disengaged workers. Don Peppers and Martha Rogers, in their 1993 book *The One to One Future*, were among the early proponents of customer-focused rather than product- and process-focused marketing. They identified the necessity to address the human element of relationships between customers and an organization.

The concept was further developed in a collaboration between the Integrated Marketing Communications department at the Medill School of Journalism at Northwestern University and a community of businesses and trade associations in marketing. The Forum for People Performance Management and Measurement (www.performanceforum.org), founded in 1993 by Don Schultz and Frank Mulhern, professors at Northwestern University, and Bruce Bolger, principal of a target marketing and media company, was among the first groups in the U.S. to focus on conducting research into the connection between financial results and employee and customer engagement. The Forum has funded over a half-dozen studies related to the topic.

Enterprise Engagement Overview

The field of Enterprise Engagement focuses on achieving long-term financial results for organizations by strategically aligning the management of customers, distribution partners, employees, salespeople and all human capital. Enterprise Engagement is distinct from the fields of financial management, marketing, sales, operations and human resources in that it seeks to achieve long-term success by integrating these various business disciplines to continually focus the organization on identifying and meeting customer needs.

Organizations based on Enterprise Engagement work collaboratively across business units to find the best way to achieve long term financial results by maximizing human capital, both internally and externally. The goal is to unify the

organization to continually seek better ways to help customers and create new opportunities for the business rather than simply finding ways to improve processes. Enterprise Engagement looks at human capital in an integrated fashion, rather than separating customer and distribution partner engagement from sales or employee engagement. AstraZeneca, McDonald's, Southwest Airlines and Campbell Soup are examples of companies run on the basis Enterprise Engagement.

In contrast to organizations run under the principals of Enterprise Engagement, traditional businesses tend to use a siloed approach in which each department or division often works with significant independence, often with different, unrelated goals. This type of organization has a tendency to focus on maintaining and

In the July/August 2005 issue of the *Harvard Business Review*, the concept of linking customer and employee engagement was the subject of an article by John H. Fleming, Curt Coffman and James K. Harter entitled "Manage Your Human Sigma." The authors outlined the process by which "it's possible to arrive at a single measure of effectiveness for the employee-customer encounter, [and] this measure has a high correlation with financial performance."

Financial Benefits

The benefits of Enterprise Engagement have significant support in research:

Research by **CLC-Genesee** and its parent, the **Corporate Executive Board**, shows that average three-year revenue growth for "high-performing companies" – meaning, in part, those that effectively manage employee engagement – was more than twice that of their industry peers. Other key findings: Engaged employees are more likely to stay with their employer than those who have a lower level of engagement, and the more engaged employees are, the lower the inventory "shrink."

Towers Perrin found that high-engagement firms experienced an earnings-per-share (EPS) growth rate of 28%, compared with an 11.2% *decline* for low-engagement firms. Happy employees can better handle workplace relationships, stress and change, according to the **Gallup Management Journal** survey. When respondents were asked how they would describe relationships with their coworkers, 86% of engaged employees said their interactions were always positive or mostly positive, vs. 72% of unengaged workers and just 45% of actively disengaged workers.

Gallup research indicates that public organizations ranking in the top quartile of employee engagement had earnings per share (EPS) more than two-and-a-half times greater than organizations that were below average.

Challenges

Research suggests that Enterprise Engagement only works over the long haul; it's of little use to executives seeking a short term result. Today's organizational structures are based on silos that obstruct Enterprise Engagement – it takes a CEO and committed to this business approach.

- Enterprise Engagement requires a level of leadership throughout the organization difficult to achieve in any larger company.

- Enterprise Engagement is overlooked in business schools and the business media, so executives get little exposure to it.

- Enterprise Engagement does not make a company immune to economics or poor financial management.

- Companies lack research documentation as to the merits of various types of engagement tactics, or the best ways to deploy them.

The Tactics of Engagement

Engagement involves:

- Leadership
- Communication
- Capability
- Buy-in
- Support
- Emotion
- Measurement and feedback.

These, in turn, require the use of:

- Leadership training and coaching
- Print, direct mail and electronic communications, media, meetings, and promotional products
- Training and professional development
- Recognition, reward, and incentive programs
- Statistical process controls.

The expertise, products and services related to these various practices comprise the emerging field of Enterprise Engagement.

EEA RESOURCES

About Us

The EEA is an outreach and education organization dedicated to helping enterprises of all sizes make the connection between customer loyalty, employee engagement, and financial results. Our primary activities involve the creation and promotion of a formal framework curriculum for the implementation of engagement throughout an organization, including all audiences that can affect performance; a portal and multi-media magazine that provides news, products, and case studies on all areas of engagement; engagement benchmarking tools; and training and consulting.

■ Enterprise Engagement Overview

A primer on Enterprise Engagement and available resources.

■ Economics of Engagement

A white paper covering the fundamental economics of Enterprise Engagement.

■ Curriculum and Webinar Schedule

A schedule of upcoming live curriculum sessions in conjunction with Marcus Evans as well as webinars on various aspects of the curriculum.

■ Recorded Curriculum and White Papers

Recorded webinars and white papers on different segments of the Enterprise Engagement Curriculum.

■ Benchmark Your Engagement Practices

A free, simple-to-use and anonymous tool that enables you to quickly benchmark your organization practices against an aggregate of other companies using the tool.

■ Benchmark Your Personal Engagement

A free, simple-to-use and anonymous tool that enables you to quickly benchmark your own personal level of engagement an aggregate of other individuals using the tool.

■ EEA Training and Consulting

The Enterprise Engagement Alliance provides training and consulting to organizations seeking to implement an enterprise approach to engagement within their own organizations, or to organizations that sell engagement products or services to their organizations.

Contact and Follow Us

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