# Measuring Enterprise Engagement and Performance

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)VER | Step 1 Engagement Distribution | Step 2 Performance Impact | Step 3 Financial Impact | Step 4 Bottom Line Impact | Step 5 Taking Action | Results

## tep 1: Engagement Distribution

*gagement levels can be broken down into four main categori*
*ile organizations may refer to the categories differently, they*
*rmally consist of "Fully" or highly engaged, "Engaged",*
*omewhat Engaged" and "Disengaged" employees.*

*ou have completed an engagement survey recently, enter the*
*h level results here. If you haven't, please use your best estim*

| Engagement Level | % of Employees |
|---|---|
| Level 4: Fully Engaged | 15.0% |
| Level 3: Engaged | 34.0% |
| Level 2: Somewhat Engaged | 34.0% |
| Level 1: Disengaged | 17.0% |
| **Total Organization** | **100%** |

## Step 2: Performance Impact

*Determine how much performance is delivered by each level of engagement. If "Engaged" employees deliver good-solid performance (100%), how much MORE or LESS performance would you see from employees at the other levels of engagement?*

### Our Performance Impact

| Engagement Level | (A) Percentage of Employees | (B) Percentage of Performance Delivered | (C) Performance Impa A X B = C |
|---|---|---|---|
| Level 4: Fully Engaged | 15.0% | 122% | 18% |
| Level 3: Engaged | 34.0% | 100% | 34% |
| Level 2: Somewhat Engaged | 34.0% | 71% | 24% |
| Level 1: Disengaged | 17.0% | 49% | 8% |
| **Our Current Performance Potential** | | | **85%** |

**INTRODUCTION**
There's a lot of truth in the old adage: "You can't manage what you don't measure," as anyone who has ever tried to run a business will tell you. But it's also true that you can't manage what you measure *only once a year*.

When it comes to employee and customer engagement, most of us collect information through annual surveys, analyze the results, share them in a high-level report and perhaps devote part of an executive meeting to discuss the implications. Like performance reviews, this is usually done once a year – if at all.

Engagement, however, fluctuates day-to-day and week-to-week. Employees and customers, like our suppliers and partners, are complex and unique human beings. Measuring their engagement once a year – while better than nothing – is like getting an annual weather report. It provides a large-scale overview, but the data are insufficient for making critical, focused decisions.

Remember also that your broader constituency – the key groups that you depend on for success – include your employees, your suppliers, your channel partners, your customers and to some extent the communities in which you do business.

**MEASURE, ANALYZE, REPORT, TAKE ACTION**
When an organization strives simultaneously for better engagement across all of its key constituencies, truly exponential gains can be achieved (see Gallup's *Human Sigma* for a detailed explanation). So how can you effectively measure and demonstrate these gains? In order to make informed decisions based in fact, managers need to:

- Regularly monitor trends in employee, customer, supplier and partner engagement
- Analyze those trends
- Share the information across the organization
- Set goals
- Mobilize executives, managers and supervisors to take action

A manager's incentive plans should be aligned to the achievement of engagement goals. Taking action normally means devising and implementing initiatives aimed at improving one or more areas of engagement.

Effective measurement requires that certain fundamentals or principals be observed. Meaningful measurement will normally require an estimate of business impact at minimum and, in some cases, a Return on Investment (ROI) calculation. Following the policies and procedures below will ensure that you develop credible and defensible estimates of the business impact and ROI (where necessary) of your engagement initiatives:

**Baseline data.** To measure performance change, there must be meaningful "before and after" comparators. For engagement metrics, this means having or creating a reliable benchmark *before* you begin your initiatives. In most cases, the benchmark data will come from your first or previous engagement surveys, or from performance data you've accumulated from a previous, comparable period.

**Number and ease of measures.** The number of performance measures should be limited and their tracking not overly complex. For example, employee engagement, customer engagement or channel partner engagement scores are singular measures. More granular measures might include scores by division or even by team and manager.

**Involvement.** It's important to gain participants' input and feedback in the development of the measures. Off-the-shelf engagement surveys are readily available for employee and customer surveys. The Enterprise Engagement Alliance (EEA) offers its Enterprise Engagement Benchmark Indicator (EEBI), which includes measures for employee, customer, channel partner and supplier engagement. In using these tools for measurement, be sure to collaborate with your various constituents in explaining how you'll measure progress and what you intend to do with the data. Encourage their input and suggestions, especially in the collection of data and dissemination of results.

If your sales team engagement initiative occurred between January and March, for example, you might have had to wait until October for sufficient data to measure its impact. In between, the economy might have changed, demand may have increased or the competition may have suffered a setback.

Another option is to get input from some of the participants via a "nominal group technique." Using this method, a facilitator works with selected representatives from the people you're measuring to identify their views related to the most effective performance measures or related opportunities or obstacles. You can also use this phase to help identify any outside issues that could affect results (see Causality, below).

**Conservative financial assumptions.** Though difficult, you must place a value on the unit measure of performance or engagement. In doing so, err on the conservative side when making financial assumptions and confirm all financials (assumptions and numbers) with colleagues in the Finance or Accounting department. Calculating financial ROI from intangible benefits such as increased engagement is an imperfect science. By making conservative estimates and by assigning only a portion of the gains to your engagement initiatives, your results are more likely to be considered credible by the CFO.

**Causality.** You may see positive results from your engagement or performance initiatives such that even conservative estimates of the dollar value appear quite high, especially when all of the gains (in sales, for example) are attributed to your engagement initiatives. The impact of your initiatives takes time to surface, so you must consider external influences that might be partially responsible for the gains (or losses, as the case may be).

If your sales team engagement initiative occurred between January and March, for example, you might have had to wait until October for sufficient data to measure its impact. In between, the economy might have changed, demand may have increased or the competition may have suffered a setback. These influences have to be considered and factored into your equations.

One means to limit the effect of external influences is frequent measurement. For example, suppose you've held an event for channel partners. You measure its impact at the time of the event (reaction), then a month or two later (application), and then again after six months or so to determine the business impact and ROI (i.e., greater sales). Still, if prices of products have changed during those six months or if demand has changed, consider these factors in determining causality.

**Linkage.** Measures should ideally be linked to organizational goals and geared to driving organizational success. When developing your measurement plan, always think about corporate objectives and strategy. For example, one of the organization's goals may be to earn more "share of spend" from existing customers. In this case, correlate customer engagement measures to the metrics being gathered on share of spend. Did an initiative drive better customer engagement scores? Did better customer engagement result in more share of spend?

**Demonstrating ROI.** The financial impact of poor engagement, or conversely, the opportunity for significant financial gain where engagement is improved, is often large enough to warrant a measurement strategy that goes all the way to an ROI calculation. Where this is the case, measures and metrics chosen must support the calculation of ROI.

**Targeting.** Select high impact metrics to demonstrate that scarce resources are being applied in such a way to maximize business impact and ROI. For example, metrics aimed at tracking sales increases or reducing customer attrition are ideal. Both are easy to convert to dollar values in a credible manner and both are easily understood, high impact measures.

**Ongoing monitoring and feedback.** As noted, effective measurement provides not only the opportunity to track your engagement efforts at the end of a program period, but also along the way. Make sure you build into your measurement effort a means to collect and analyze information on a regular basis, and make adjustments accordingly to your strategy and tactics to address performance or engagement gaps.

**Predictive analysis.** In making the case for spending money on engagement initiatives, a predictive analysis of *expected* ROI can be very useful. Metrics need to support management's ability to understand the relationship between improvements in the measure and impact on organizational success (i.e., if goals are achieved, what is the value to the organization versus the cost?).

**USE OF TECHNOLOGY**

Measurement and analysis are no longer as time-consuming and difficult as they once were. With today's low-cost, cloud-based software and Enterprise Engagement surveys with polling, tracking, analysis and dashboard reporting tools, organizations have the ability to connect daily with their key constituents (employees, customers, suppliers, partners, etc.).

Tracking and sharing real-time performance against goals ideally leads to more high-level leaders taking action and buying in to the process.

Daily interaction through engagement software is designed to be non-intrusive. Naturally, you can't survey people every day, but as a result of web-based recognition technology, it has become easier to track the engagement of constituents – not only their performance, but also their website visits, including the content viewed, learning, innovation, participation in social networks, etc. Moreover, engagement technologies provide a dashboard of performance on an individual, department and enterprise level, as well as for individual customers, suppliers and re-sellers.

Allowing employees, and partners in particular, to view the progress of their peers toward goals and program utilization connects employees and partners to the brand, the engagement portal and their performance objectives. The key is to build the community and share data not just at an administrative level, but also at the participant level.

**SUMMARY**

The measurement of engagement can't be based on an annual cycle; it must be an ongoing process. This allows an organization to see the immediate impact of its actions (for example, the effect of a price increase on customer and channel partner engagement), leading to a "decision science" that permits better strategy and faster action based on actual data.

Tracking and sharing real-time performance against goals ideally leads to more high-level leaders taking action and buying in to the process. Real data based on business impact and ROI helps your organization identify issues and opportunities. For example, if the data reveals a negative trend in channel partner engagement, procedures to reverse the trend can be implemented, measured (often with ROI calculations) and adjusted quickly until the desired impact is achieved. Whether the tactic is additional training for employees who manage channel partner relationships, a richer incentive program or an event for top-performing channel resellers, decisions can be made in the light of metrics and initiatives can be evaluated on data, business impact and even ROI. They can then be adjusted, expanded or terminated based on measured, defensible evidence.

Ongoing measurement – where the engagement of key constituents is quantified – can ensure success now. There is no need to wait months for the next employee or customer engagement survey results or, worse, take a stab in the dark based on a hunch. Because so few organizations are tracking engagement data today, an enormous competitive advantage awaits those that do, and especially those who build it into their day-to-day business platforms.