



*Changing the way we work*

## **Two Paths to Employee Engagement**

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For the past year, I've been part of a consortium of companies and professional colleagues working on "how to fully engage employees in achieving business success." Our interest in this question stemmed from a shared belief that employees have abundant resources of energy and creativity that remain untapped – by some estimates, between 50-70 percent of what they have to offer. That's a lot of wasted resource, both for the individuals themselves and for the companies that employ them. Our goal was to gain deeper insight into how those potential resources could be unleashed and channeled into business success.

Through learning labs that each of us ran in our own or in client companies, we gained some insights about what works and what doesn't work in the ways companies attempt to tap into what employees have to offer. In the process, we noticed that there are two different approaches that companies use. Often, both are present at the same time. The first is a mechanical or instrumental approach that is highly structured and driven from the top down. The second is an organic approach that is more loosely structured and driven by individual initiative at every level.

The mechanical approach emphasizes predictability, order, and control, while the organic approach emphasizes flexibility and creativity in response to emerging opportunities. Paradoxically, both are essential to the success of the business. One of the biggest problems that we found is that senior managers have a hard time figuring out how to integrate the two, usually opting for one approach over the other in an attempt to escape the tension and ambiguity of managing both at once.

## **Mechanical Approach**

The conventional wisdom about engagement has been that senior management develops a vision, sets clear goals and objectives, seeks buy-in from subordinates, then manages tightly to maintain focus and discipline. The result is greater alignment, greater effort, and greater efficiency. The underlying assumption is that employees become engaged by participating in the discussion of goals and objectives, working collectively to achieve them, being rewarded for exhibiting the desired behaviors, and seeing positive results. The focus is on engaging people's heads and hands – getting better results by having as many people as possible thinking and acting in the same way.

Our work over the past year suggests that companies make some gains from greater compliance with top-down directives and standard operating procedures, but they limit the possibility of greater effort and creativity that comes from wholehearted ownership of the results. Individuals pay a price for their participation in such a mechanistic system. They give up a lot of their autonomy, and often their integrity, in pursuing goals set by someone else. They also lose some of their dignity if the work they consider to be their “craft” is managed in ways that leave them feeling manipulated or disrespected. The result is that they hold back on the amount of energy they put into their work.

This seems to be an acceptable tradeoff for most companies, as long as the market is relatively predictable and stable. Companies can enjoy the efficiency gains, while moderating the negative effects with human resource programs designed to release energy in other ways. However, changing market dynamics are making it harder predict with any accuracy what's likely to happen in the future, or even in the near term in many cases. Few senior managers have the capacity to entertain all of the complexity that is inherent in most strategic decisions these days. And as the market changes at a faster pace, senior managers are hard pressed to keep the troops marching in formation and in the right direction when they themselves are often unsure which is the right formation and which is the right direction.

Sole reliance on the mechanical approach to manage in this more uncertain environment is having some perverse effects. In some cases, new initiatives are being launched before the previous ones have been fully rolled out. Memos outlining new policies and organizational structures are being written before the previous ones have been implemented. Teams are being broken up soon after they are formed. This “churning” in thinking and team composition is generating an

overload of nonvalue-added work, draining people's energy, killing their spirits, and undermining the long-term capacity of the business to respond to new challenges.

## **Organic Approach**

Fortunately, there is another approach to employee engagement that seems to coexist (sometimes not so peacefully) in parts of most companies these days. The logic of this organic approach is that leadership sets a general direction for the business, engages employees in a two-way and ongoing conversation about that direction, then manages loosely to promote flexibility and initiative. The assumption is that employees become engaged through open and honest conversation about where the business is headed, a clear picture of how they can contribute to its success, the autonomy to initiate actions on their own, and the opportunity to perform work that is personally meaningful to them and of value to the business. The goal is to engage people's hearts, as well as their heads and bodies – to get better results by giving people the freedom to experiment with new ways of doing things within broad guidelines.

In surveys we conducted, employees described what really energizes them. They need to see the big picture of where the business is headed, along with a clear image of how they can personally contribute to its success. They need an environment of openness and trust – and relationships based on authenticity, integrity, and mutual respect. They need both clear direction and appropriate autonomy to deliver results in ways that allow for individual creativity and initiative. They need recognition for their contributions and expertise. And they need opportunities for continual growth and development.

## **The Challenge of Integration**

How do managers find the right balance between these two approaches – between order and stability on the one hand and creativity and flexibility on the other, between direction and autonomy, between individual initiative and being a team player? The business needs all of these. Employees say they need all of these.

Part of the answer lies in letting go of the assumption that senior managers need to “figure it all out” then “line it all out.” In most cases, there is so much complexity and uncertainty involved in running the business that it makes little sense to go through elaborate processes to achieve rigid, laser-like alignment with long-term

goals and objectives. It is quicker and more efficient to work toward “fuzzy agreement” on a general direction or vector, leaving room for the organization to respond flexibly as the future unfolds, conditions change, and people learn from their experience.

What fuzzy agreement lacks in precision, it makes up for with speed. Because this approach doesn’t try to focus people’s efforts in a rigid, mechanical way on some distant point in the future, it doesn’t require as much managerial infrastructure to maintain discipline and focus. With less bureaucratic drag, individuals and teams are able to move faster with more flexibility and energy. There is much less social waste. What the business loses in control, it makes up for in individual initiative and in the synergy that produces higher performance as a team.

Another part of the answer involves letting go of the assumption that if something is good for the business, it needs to be introduced everywhere and all at once. We found that there is no one right way to do things that can be replicated everywhere with the same result -- no checklist that can ensure that things are done exactly right. We also noticed that introducing something new everywhere and all at once could be surprisingly counterproductive. Employees respond instinctively by labeling it the latest corporate initiative and prepare to wait it out using whatever is their preferred defensive routine.

What works best seems to be a more “experimental” or “hot house” approach that allows natural interest in impressive results in one area to create pull from other areas. The leadership challenge is to identify natural openings for such experimentation, give them support, then share the lessons broadly across the organization. The goal is to do existing work in new ways, not necessarily to introduce new work – to lighten the load and release energy, not to overburden people and shut them down.

In integrating the mechanical and organic approaches, the actions of senior managers are critical. They must resist the temptation to mandate a new approach to employee engagement and cascade it down through the organization to get everybody “on board.” Instead, senior managers need to “live” the integrated approach into being through their own behaviors and through their appreciation and support for ongoing experiments. The actions of senior managers send a more powerful message than any other form of communication.