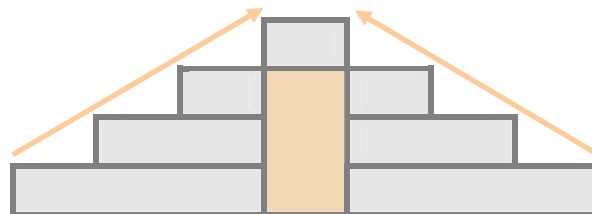
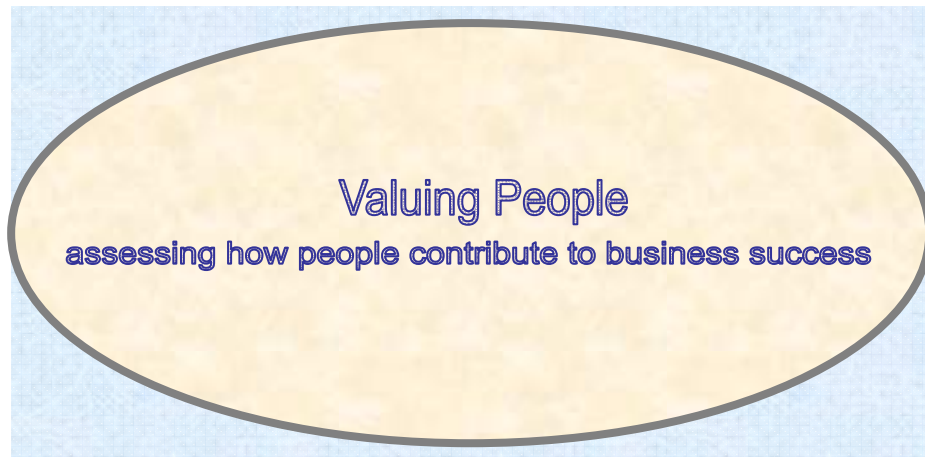


Coaching for Success

Discover how getting the balance right really does add value to the enterprise, its own people and customers - now and for the future



Stuart Sherring
Coaching Cafe
June 2009

Valuing People **assessing how people contribute to business success**

This coaching resource for organisations and consultants examines the complex subject of valuing the contribution of people. It is explored from the viewpoints of the enterprise and their people who contribute to its success and the perspective of customers too.

It is small wonder that the plethora of literature on human capital management on the one hand and how we recognise and value what people bring to an organisation takes us only so far. Lacking is a bridge between the two perspectives of how an enterprise views value and what people believe it means personally.

This resource takes you on a journey of discovery to understand the drivers and motivators from each view and how these may come together to create real synergy and with it added value. Fifteen business models support the text and provide fresh insights into getting the best from people.

In explaining the backdrop and big picture, and by using academic, business management and experiential illustrations, I am confident you can be a self-coach. The context and significance of all major aspects of Valuing People are discussed to enable deep, connected and scaffolded learning. The result is a rounded understanding to help you add value to your enterprise as a coach or facilitator.

Valuing People is offered to organisations and consultants who have a keen interest in this topic. Use, trial, test and adapt this coaching resource whilst respecting copyright. Each business model is unique and has a copyright too though I am happy for you to use any or all.

What I seek is feedback on content, any ideas you may have for improvement and whether there are any major omissions. I will acknowledge your contribution when this coaching resource is released nationally, possibly as a book.

Stuart Sherring
Coaching Café Ltd
June 2009

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Background

The inspiration for devising a model for valuing people was necessity. I have long felt there is a void in our thinking on the subject and that something is missing. We cannot easily grasp what may seem to be disconnected facets when referring to added value with monetary value on one hand and how we value, appreciate and recognise people on the other. It may seem like comparing apples and pears but the two facets link closely.

Another driver was irritation over terminology and what it infers. I am alluding to expressions such as human capital management that seek to demonstrate the value of people and people management processes to the organisation. This is the nub of the issue as the implication is of something being done to people who are the objects of the exercise and who may have little if any involvement. They are passive participants and may be blissfully unaware or indeed care.

Whilst we might think we know what human capital means there are numerous definitions though a common denominator is the value placed on people and by implication the contribution made to success. The models and rationale outlined in this text use the generic expression valuing people. This is a fusion of the two meanings of placing a value on a person, implying a monetary value, as distinct from a second meaning of being valued which has emotional and psychological connotations. Both are important and cannot be viewed in isolation.

It is unsurprising that existing models are complex and at times convoluted with indistinct connections in placing a value on people using blurred criteria. Then there is the question of what value to whom which may be to the enterprise itself or external investors, notably shareholders. But where do the people who create value fit in viz people who work for the enterprise as employees or as part of the supply chain, whether formally contracted or not? What about customers who create value by placing business with the enterprise? All these people appear in the profit and loss account and more indirectly on the balance sheet in the form of employee costs, outsourced & supply costs, sales and creditors and debtors.

In creating a model for valuing people the thinking steps, major considerations and process itself are the most important elements. In a sense it is about the journey and not just the final destination. This means a shared understanding by the people of the enterprise who contribute most to achieving added value in the context of business results and achieving future success. They are the people who attract, grow or lose customers who are perhaps the final arbiters of how effective the enterprise is at valuing people. All these perspectives have to be understood to make sense of the whole subject of valuing people.

Introduction

Peter Drucker had the foresight to recognise that the most valuable assets of an enterprise are its knowledge workers. Unlike other assets which lose value over time, skills and know-how of people increase in value when practised. As Michael Marquardt asserts in Building the Learning Organisation knowledge workers not only add value but in effect own the means of production and can take it out of the door with them at any moment. Valuing people has broad implications.

The backdrop to Valuing People is an ever-changing and turbulent world where traditional recipes may no longer hold good and where past successes are no predictor of the future. How we attract, recruit, motivate, reward, retain, nurture and grow people has a major bearing on the twin aspects of added value. These are expressed in the financial accounts of the enterprise and the role fulfilment of people who contribute to its success. This term is used rather than definitions of engagement that tend to mean more to the enterprise than their people.

Existing models on human capital are many, varied and complex. Some examples are shown and most have a dominant theme such as organisational performance as in the case of William Mercer or market value which forms a basis for Watson Wyatt. The engagement theory of Sears-Roebuck works on the premise that by keeping your people happy and satisfied your customers will be too and this leads to improved profitability. Well perhaps, if you ignore a host of other influences! It is fairly easy to see why the subject of human capital remains little understood or widely used even though how we get the most from people is fundamental to business success. The contention is we have been coming at it from the wrong direction of capital assets and managing humans rather than valuing people.

Model	Author
Employee Engagement Model	Sears Roebuck et al
Fit-Cost Value Analysis	Deloitte
Human Capital Monitor	Andrew Mayo
Human Capital Wheel	William Mercer
People & Performance Model	Bath University
Saratoga Human Capital Profile	Price Waterhouse Coopers
The Skandia Navigator	Skandia
Intangible Assets Monitor	Svelby
Human Capital Index	Watson Wyatt

Jon Ingham contends human capital management is about leveraging value from people and business success and competitive advantage whilst Angela Barron & Michael Armstrong refer to HCM as a way of managing assets. The array of tools and techniques is bewildering which authors acknowledge. Why these models are little used or understood was asked at a Chartered Management Institute (CMI) symposium on Human Capital Management and Measurement in 2008. Answers lie not just in complexity but actual purpose, aims, construct, language, benefits, relevance, ownership, content and context amongst other factors.

As Stephen Covey says start with the end in mind. In essence we are attempting to create and optimise value through our people which requires us to think along two different dimensions of value. In a financial sense, added value is the margin or contribution over and above the cost of the inputs but in a personal sense it is the emotional value we place on work which is ultimately about fulfilment.

On a personal level we can view how value impacts on us in relation to extrinsic and intrinsic elements. The former is about remuneration and reward whereas the latter is the value we place on work factors important to us which has much to do with our feelings, emotions, attitude, energy and motivation.

The relative failure of human capital models requires unpicking. Quite apart from language and meaning which are issues in their own right there is no involvement or buy-in from people in the enterprise. We owe it to people to ensure they are informed and in tune and know why and how placing a value on people affects business success and role fulfilment. Whilst this rationale is good enough in itself there is another powerful imperative and that is the future as unless we develop and grow people the enterprise will atrophy.

When we talk about people we need to define which people. Firstly there is the core of people who work directly for the enterprise, some of whom may be on short term or temporary contracts. Then there are contractors and other people who carry out functions that are out-sourced and last and not least are the major supply chain organisations. All contribute to success and therefore added value.

It is tempting to say the prime focus should be to develop talent and in particular people who are hard to replace. There are compelling reasons for doing this that may be matched by an equal number of reasons not to restrict talent to a cadre of people. Two examples illustrate. The maxim everyone contributes to success has validity even though the contribution or added value may vary greatly from person to person or team to team. Yes, some people have highly developed skills and are hard to replace but what message does this give out if other people know there is a talent pool and they are not it?

The second example is making sense of data. If metrics or indices are produced which show on the one axis the added value contribution of people and on the other how fulfilling the role is it makes sense to include everyone in this. The consequence otherwise is that people feel left out and data results are skewed.

What gets measured gets done but as Albert Einstein observed what counts may often not be counted and what is counted may not count. This is why not only measurement is required but assessment in making perception judgements. The computation of added value in a monetary context lends itself to direct metrics, whereas making judgements about human behaviours requires assessment tools which may include surveys and self-assessment.

We may wonder where customers fit in and how. We can measure the actions of customers in terms of the value of business placed and churn rate and gauge the reaction and response through assessment which may be conducted in a variety of ways. What we do know is the perceptions and actions of customers are the result of dealing with the enterprise which means everyone working for it since directly or indirectly we are all involved and contribute.

Many authors contend that human capital measurement is still in its infancy as it is a many-sided concept and the more we think we understand the less we may do so in reality. It is for these and other reasons this text has been written to re-think the concept from the standpoint of valuing people. Influences and linkages between people, customers and results are explored and from this emerges an index for valuing people which is an adaptable template. Crucially, it involves the people of an enterprise about whom the subject has been written.

Part 1
Valuing People - What it Means

The concept of value

The significance of value

Measuring the contribution of people

A point of view

Measuring what counts

Why bother at all?

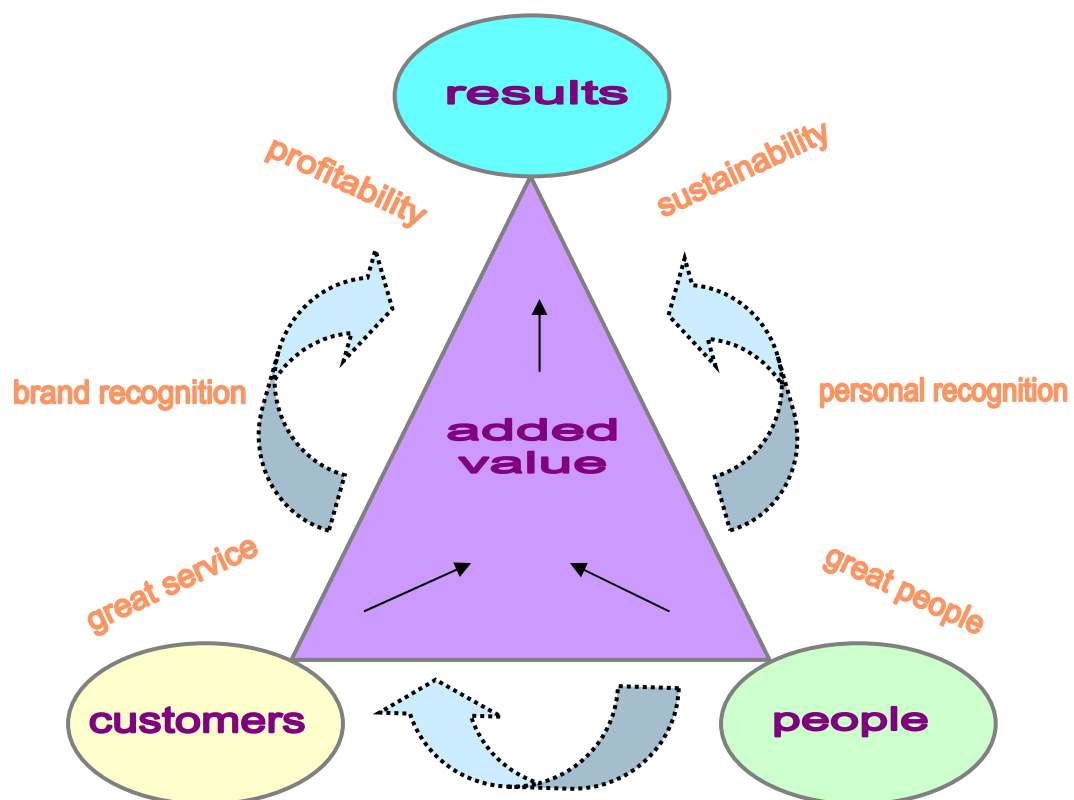
The concept of value

We think of value as making a judgement about the worth of something which implies monetary and quality considerations. Value is also our perception of a product or service that may be tangible, intangible or most usually both. In this context value is an objective assessment whereas in its verb form the expression valued has a different meaning. It conveys our impressions and beliefs about what others think of us and how we view their emotional attachment to us.

For organisations both meanings have immense importance. We have to create value for customers so they so they have a memorable experience of what we provide and how we provide it. This means from product and service planning through to final delivery and after sales service. It is this value chain that Michael Porter contends creates added value at each step in the process.

The people who contribute to value are not just those of the organisation but the whole enterprise that involves a supply chain and possibly contracted people too. What do these suppliers and contractors think about the product or service and do they feel appreciated and valued for their efforts and contribution?

How we value all our people affects the value created for customers and their perceptions of the enterprise. This interplay impacts on the third component of results and business success now and in the future.



© Coaching Café Ltd 2009 – value creation triangle

The contention is that brand recognition and personal recognition are interwoven. If people feel under-valued this affects the customer experience which impacts on the brand image and reputation.

The significance of value

Perceived and actual value forms the basis of current and future success and this is amply demonstrated. If real added value is created at each stage in the value chain, and customers are impressed with the product and service, it is likely that the enterprise will be profitable. There are several caveats such as correct pricing and debt management but the assertion is reasonable. Business results are the total of customer activity, expressed in sales, less the costs of people activity in the enterprise plus all overheads.

Several conclusions can be drawn. Firstly there is a positive correlation between high perceived customer value and the emotional value we derive from working for an enterprise. It is not linear but the link is a strong one. Take the example of a hotel where service is appalling and the ambience is cold. The hotel might be profitable though only in the short run. Profitability then declines in tandem with reputation at an accelerating pace.

A second conclusion is the importance of value-added. As Edward Lawler and Christopher Worley point out in *Built to Change* competing on price alone is not sustainable as profitability will continue to erode through competition and other factors. It is the people of the enterprise who create value and it is its leaders, managers, peers and others who set the tone and create the language of success.

Thirdly, the impact of business results is a combination of the skills and efforts of people and the ability to attract and retain customers. Results are just that and are no predictor of the future whereas the value perception of customers and people of the enterprise are to some degree. Consequences might be predicted if the enterprise loses important customers and people as this may dent the brand image and with it the reputation and feel good factor – both external and internal.

This brings us to a concluding observation on the significance of value and that is the notion of congruence that people in marketing roles ignore at their peril. In aiming to create a positive brand and image this has to be mirrored throughout the enterprise as otherwise the marketing message will be hype only.

Measuring the contribution of people

Having defined value in terms of customers, own people and the supply chain we may substitute the word contribution which is about added value and its creation as individuals, teams and the whole enterprise. Contribution in an accountancy sense is similar as it is the monetary difference between total inputs and outputs.

The contribution by customers is the total value of goods and services that are purchased or supplied. Unless provision is a restricted monopoly, in which case customers may have no choice, they generally have discretion on whether to use the enterprise. There is the contribution or added value of each transaction, the totality of all transactions over time such as a financial year and the prospect or otherwise of future transactions.

The contribution by the people of the enterprise is a measure of the contribution of all. This may sound simple but is complex as many factors are affected and there may be other influences, such as the robustness of the business strategy, stage in the life-cycle of the product and service and sector competition. From micro and personal standpoints there is the perceived contribution by individual people and all others who have a stake in the enterprise. These may comprise directors, senior managers, shareholders, sector influencers, regulatory bodies and a host of others.

A point of view

How we view the contribution depends on which window we are viewing from or rather our own particular window as we will have different perspectives and our rationale and criteria may differ. These perspectives may have an intrinsic and tangible attachment such as remuneration or reward or they may take the form of emotional signals, feelings and responses. For those working for the enterprise the response may be influenced by both factors which may lead to debate on the relative importance of money and associated factors as the major motivator for work. Studies tend to show that when new to the organisation or new to a role monetary aspects are important whereas once into the role it is the environment, role itself and job fulfilment that are the most important elements.

When devising a model for valuing people the standpoints and perspectives of all major groups have to be considered but it is reasonable to focus here primarily on those who most influence success or otherwise viz the purchasing customers and people of the enterprise who add value for them. At the end of the day it is they who appear who appear in the profit and loss account in the form of sales less direct and indirect employee costs and supplier costs.

Measuring what counts

The triangulation of customers, the people of the enterprise and business results is a complex web. Measuring value and contribution has many dimensions and is best viewed from the standpoint of each and the important considerations that may directly impact on value-added and therefore success.

Customers

A combination of tangible and perceptual measures is required as what customers say and how they act may differ for a variety of reasons. Whilst hard measures such as sales per customer and churn rates can be obtained for all customers it is more difficult to gauge how customers feel or to assess the customer experience as time and cost may prohibit and customers may be reluctant to respond. If only a fairly small proportion of customers are prepared to give their opinions this may distort findings if reliance is placed on limited data or from one source only.

People of the enterprise

An underlying issue when measuring the people element is attributed cause. For example, if an enterprise has a turnover of 25% pa is this because there is an underlying dissatisfaction or is this typical of the sector or industry? Could other factors be involved such as product or service changes or the age profile of the enterprise with a more than average number of retirements in that year?

Of major significance is how people feel or what may be expressed as a feel good factor that directly impacts on the environment and their experience of work, role challenge, feeling of self worth, making a difference, their actual contribution and positive well-being. All this and more affects role fulfilment. Select ingredients of role fulfilment that fit best fit with the enterprise, the business strategy and what people value most about work.

Business results

The financial health warning about business results is they tell where you have been but not how well the patient is or the prospects of good health or even survival. The past is no predictor of success in today's world, even if financial results appear impressive for the past financial year or series of years.

There is an issue too about connectivity as what influence do customers have on business results and more especially what influence do our own people have? It is easy to isolate standard business ratios and performance indicators but they may have little meaning when viewed in isolation, leading to a so what question. Neither may people associate their own costs and added value to performance of the enterprise. We need to link these factors.

For example, in assessing the contribution and value of people we may select relevant figures for the business as a whole such as sales turnover and relate this to the people costs of achieving these sales. Avoid the trap of thinking that the only costs are those of the sales team. We are back to the value chain as all people contribute directly or indirectly to sales, the customer experience and the transactions that take place. Examples are reception and credit control.

Why bother at all?

Before exploring a possible model it is important to answer this question that begs other questions such as the purpose, the benefits, who benefits and how, what will we do with this information and how can we use it?

Taking corporate organisations first there is an expectancy to provide information and data on human capital in the notes to financial accounts. Reasons are more to do with accounting standards and social responsibility than any clear purpose or benefit. Companies may decide to include direct references to human capital for other reasons such as putting a company in best light from the standpoint of shareholders. They may also have expansion aims or seek growth, acquisition or merger or have a need for further share capital. Sale may also be a factor.

In all these cases the prime beneficiaries are those who invest in the enterprise as this may further help them make an informed judgement about the financial standing and success. Their interest is mainly in the profitability of the company set out in the profit and loss account and the assets, net worth and robustness of finances shown in the balance sheet.

Some of this information may be of help to regulators also and others concerned with reputation, probity, standards and quality, governance, due diligence and sector trends amongst other aspects. These bodies and many shareholders are external so we are left with a fundamental question and that is what is the benefit to the people who work for the enterprise and those who engage with it to trade? They are the ones who create and transact business in day to day operations and on whom the success or demise of the enterprise hinges. What's in it for them?

Three big turn offs when exploring the whole subject of the contribution of people are language, an absence of buy-in and lack of any meaning. What does the expression human capital convey and what should it? To the people who work for the enterprise it conjures up notions of a commodity that can be used or even exploited as human feelings tend to evaporate by use of such a term. It also implies something done to that we have no part in and we may remain unaware of its effect, be unable to understand what it means in practice or indeed care.

Yet there are huge untapped benefits in valuing the contribution of all people who work for the enterprise and the effect this has on customers and business results. Studies, such as those carried out by Investors in People UK and elsewhere, show that a positive and close correlation usually exists between people performance and business success. There is evidence to support the contention that important components of performance are related to job fulfilment, a great environment in which to work and a feeling of making a real contribution and difference.

Part 2

Creating and Achieving Value

Clearing the fog

Creating added value

Value that has meaning

Achieving added value

What role fulfillment really means

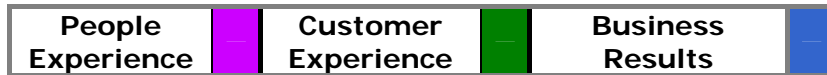
The value of leadership in 21C

Why paradox makes sense

Role relationships

Clearing the fog

The diagram illustrates the correlation between the people experience, customer experience and business results and the importance of these and the interplay between all three components.



© Coaching Café Ltd 2009 – impact of experiences on business results

In this example the correlation is both strong and positive and shows a successful enterprise. Business results slightly lag the customer experience that in turn lag the people experience but this is not surprising. The prime reason is the lead-time to generate customer business since work in progress and the billing process may delay transmission into business results. There could be other reasons too.

Although the example is hypothetical it does show how the people experience and customer experience are inter-twined and that these impact on business results. It is possible to point to exceptions in business and commerce where companies may appear to be very successful even though some of their own people may feel they are not good employers. Business history shows that such companies are unlikely to sustain success in the medium and longer term.

It is therefore quite possible to have impressive business results whilst the people experience is not at all positive. Equally, an enterprise may have 'happy' people but business performance may be woeful. Similarly, an enterprise may have really delighted customers who are getting a fantastic product and service from an enterprise that is not sufficiently profitable to survive in the longer term. We could be exceeding customer expectations at a price!

Creating added value

It is important to explore this from the standpoint of each component and the interplay as added-value is the key that unlocks the door to valuing people.

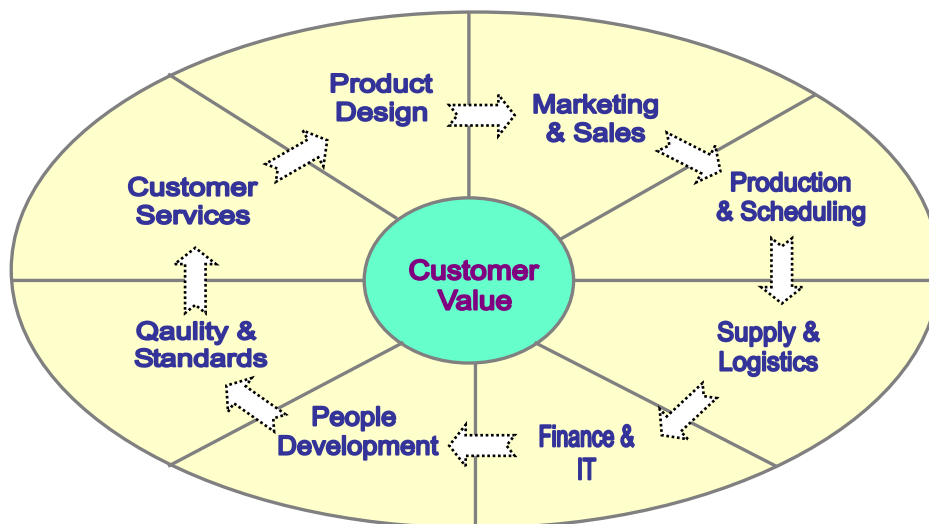
► Customers

As Peter Drucker observed decades ago the first job of any business is to create a customer. The remark is not as simplistic as it appears since it implies a business market, vision, focus, strategy, marketing and so forth. A natural follow-on is customer retention which is about relationship management and much more.

Customer loyalty is complex. It endures if a genuine rapport and affinity exists with the enterprise and vice-versa and if customers perceive real value that is tangible in that I can touch it, sense it, see it and smell it even and intangible too through our emotions and instincts. The ultimate testament is customers being ambassadors in singing the praises of the enterprise with the result that business is often gained through referral and recommendation.

There is a further set of hurdles to retain existing customers and attract new ones and that is consistency which has two meanings. The first is consistency across the enterprise and as Shaun Smith and Joe Wheeler point out in *Managing the Customer Experience* every point of contact counts as with a hotel. Then there is consistency over time as this too affects perceptions such as the experience of customers at weekends being different, perhaps leaving them feeling indifferent.

The concept of the value-chain affects all people and all processes. Are processes customer driven and linked or does the enterprise have systems that operate in silos for internal use only? All this is about the ethos of the enterprise too and the role, involvement and contribution of all people. Michael Porter's model has been adapted to show how all activities are inter-dependent and that they affect actual and perceived customer value. The figure shows supply & logistics which form part of the value chain as key suppliers add value in their own right.



© Coaching Café Ltd 2009 – customer value chain

Society imposes a hurdle and that is increasing expectations as once the specified level is satisfied we look to the next which says much about society and nature of competition. There may be less inclination also to pay above a certain amount which suggests we have to get much smarter at what we do and how do it. This has huge implications for not just improvements in performance but innovation.

Merely satisfied customers might not be loyal to the enterprise and may quickly change allegiance for repeat, increased or different purchases. Shaun Smith and Joe Wheeler point to a study by Forum Research showing that 80% of customers who switch suppliers express satisfaction with the previous supplier. We not only have to impress customers to earn loyalty but turn customers into our advocates. The aim is to aspire to service levels that customers DIE for (delighted, impressed and enthusiastic).

► **Service to die for**

Probability	Low	Medium	High
	◆	◆◆	◆◆◆

	Business			
Customers	Repeated	Increased	Referred	Improved
Satisfied	◆	◆		
Delighted	◆◆◆	◆◆	◆	◆
Impressed	◆◆◆	◆◆◆	◆◆	◆◆
Enthusiastic	◆◆◆	◆◆◆	◆◆◆	◆◆◆

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Delighted, impressed and enthusiastic customers not only do more business with the enterprise but are likely to be advocates or champions in referring potential customers and help to improve sales and service levels. For this to become the norm every person working for the enterprise has to impress by their efforts and show enthusiasm, whether serving customers or supporting those who do.

► **People**

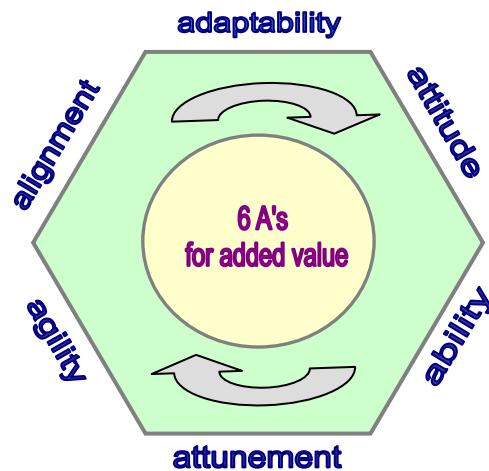
If customers drive the business then it is the people of the business who create the perception of added value for customers and real added value expressed by financial results. This will only happen if the enterprise creates added value for its own people which likewise has two dimensions of perceived and real value.

Perceived value is in the mind of the person and their contribution to the success of the enterprise. We like to think that what we do is worthwhile and makes a difference but do we feel that? Do we get any feedback from managers, senior people and others and if so what form does this take and how often? Finally, do we find our job fulfilling and motivational with a clear sense of purpose?

If the answer is no to any or all of these questions a probability is the enterprise is not punching its weight and value added suffers. So does profitability. It is only people who add value and who produce an increasing return on investment as all other assets, with a few exceptions, decrease in value over time.

Real value enables people to acquire and develop skills and to work effectively within a team and across teams but work in 21C involves more than this. People need to be adaptable, agile, flexible and nimble as roles change and with it skills too. Value creation lies at the heart in a changing and turbulent world.

The model on the next page shows six critical 'A' factors for future success that affect design of the enterprise which as Edward Lawler comments should be built to change. Recruitment is affected too. Companies such as South West Airlines recruit not just on ability but attitude and personality. We can develop skills but it is difficult to change a person's attitude, persona and deep-seated views.



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These factors break down into three core constituents of mind-set, skill-set and capacity-set which is the capacity to continually improve, develop and innovate.

Business results

The financial contribution may be expressed as an absolute measure with the first barometer being operating profit before taxation. This links to the cost of people in the enterprise as a ratio or percentage to show added value. This ignores the treatment of other overheads such as accommodation which may be regarded as an opportunity cost and benefit. For example what would be the implications of employing less or more people or outsourcing some functions?

The enterprise balance sheet is helpful too from the standpoints of asset value, net worth (total assets less total liabilities) and liquidity. The movement in these and therefore value may be linked to some people costs and performance.

Added value has relevance for future growth and investment potential and the ability to fund part or all of this organically. This could include offering a stake to people who work for the enterprise. Whatever method is used the implications for creating added value are huge. A do nothing strategy of stay as we are could be a recipe for disaster as the one certainty is that the competitive market place will continually change, evolve, grow and get tougher.

Creating leverage for the business is achieved through strong business results, resource rich strategies and external factors such as brand reputation and image. Leverage is not just about growth as added value means being able to adapt and transform over time, using different and emergent technologies.

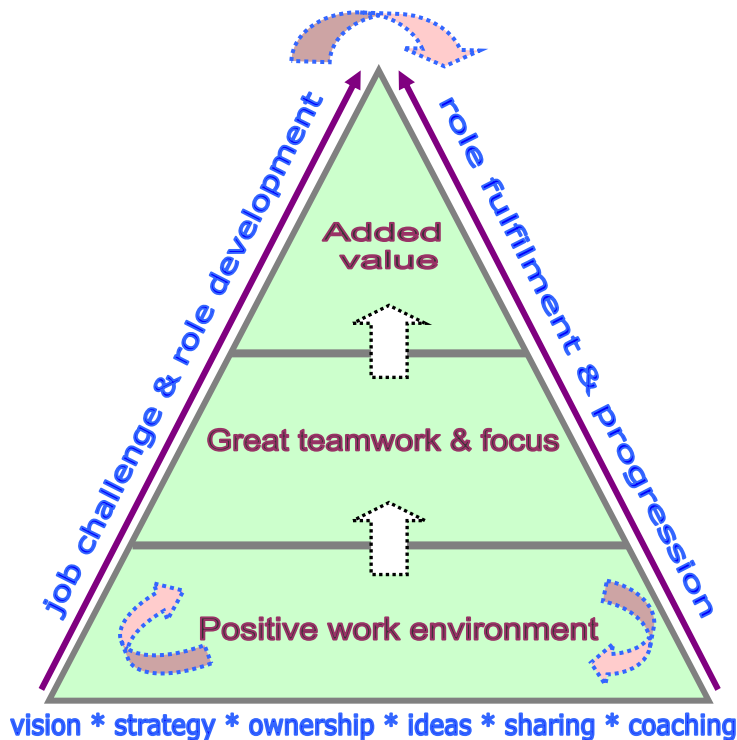
Discussions on added value often focus only on the enterprise and their buying customers but there is more to it. Enterprises that survive and prosper over time not only engage with their customers but understand the business needs of their own customers too! Added value is a chain reaction through all the stages from service and product design to delivery to the eventual consumer.

Apart from customers, people and shareholders all other main stakeholders have a real interest in added value. This includes regulatory bodies not only to ensure probity but to encourage improved performance, better customer value, quality of product and service, reliability, capacity and the potential for growth, change, development and innovation.

There is also an outer layer of stakeholders that includes society and government which affects future economic well-being and quality of life. For the enterprise the various social factors and green issues are encompassed within the umbrella of social responsibility. This means acting as a responsible employer and member of the community through its trading beliefs, philosophy and actions. Economic and social impacts arise at a macro level through providing employment or work and using a supply chain which all feed into the economy with resultant ripple and multiplier effects. Economics, social issues and quality of life are intertwined.

Value that has meaning

Psychology and philosophy constantly remind us that people want work and life to have meaning with a sense of purpose. The Greek word autotelic (self and goal) means a belief that something is worth doing for its own sake which forms a basis of how we feel about what we do and our work environment. Activities may be seen as intrinsically rewarding because a prime reward is being involved with them. This suggests that once the immediacy of extrinsic rewards are satisfied such as salary and benefits it is intrinsic rewards that provide the motivation and impetus for work. Michael Csikszentmihalyi captures this with the notion of flow which includes energy, enjoyment, effort and the experience itself.



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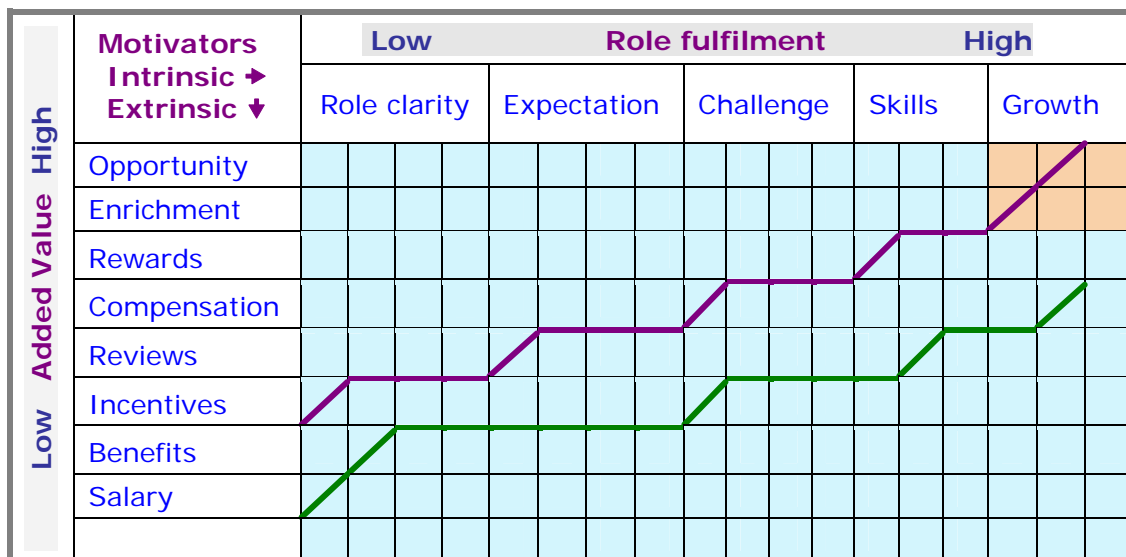
This model resonates with Abraham Maslow's hierarchy of needs that to this day forms an important basis of motivation. Work environment and ambience, feeling welcomed, being appreciated and our involvement as team members affect how we feel about ourselves and the enterprise. These are precursors to what Maslow calls self-actualization which is the release valve. A continually shifting balance of skills and job challenge are central to the release of potential and aspiration and so is feedback. For people to add most value and contribute to success they need fulfilling roles with a sense of making a difference as the illustration shows.

What people can bring to their roles through skills, knowledge and attitudes is one dimension. The other is what the enterprise does to nurture this and create real synergy in getting the best from people. They need to be in harmony. Jon Katzenbach adapts the Maslow hierarchy of needs in referring to the needs of:

- job security, support and personal safety
- work structures and organisation
- identity, self-worth and purpose
- a sense of belonging through the camaraderie of the team and trust
- opportunities for growth and trying something new

Achieving added value

For people to achieve high added value the intrinsic motivators concerned with job fulfilment are in balance and harmony with extrinsic motivators to do with remuneration. The ultimate goal is high added value through a hugely fulfilling role with growth opportunities that are matched by remuneration and rewards which people feel appropriate for their efforts, achievements and contribution.



Highest added value through role fulfilment and release of potential

© Coaching Café Ltd 2009 – Impact of role fulfilment on added value

If role fulfilment and remuneration are not in balance then added value will suffer and with it the motivation, drive and performance of the person and their level of contribution to the enterprise. The loss of added value for the enterprise reveals itself by reduced profitability, lower growth potential and an inability to adapt and innovate and remain competitive.

We can dip into psychology and counselling to make sense of factors that affect role enrichment by linking together two models viewed from the standpoint of the enterprise and the person. The first is Carl Rogers' three conditions of empathy, congruence and positive regard that powerfully affect a relationship. Margaret Hough summarises the approach in her book *A Practical Approach to Counselling* which can be applied to the world of work and relationships between people and their managers and between customers and the enterprise and vice-versa.

The enterprise through its leaders, managers and others needs to understand the nature of the role and tasks and what is expected and to clarify these. Equally, the person has to understand what the enterprise is seeking and why. Not only has there to be empathy and a shared understanding but congruence too. For this to work well it has to be at an emotional as well as functional level. Each has to have a regard for the other, both as a person and in relation to what is to be accomplished. Our attitudes and our behaviours affect the emotional climate of the enterprise.

Empathy is fundamentally about getting on the wave-length of the other person and seeing their perspective through their (Johari) window. That view may well differ from ours and the better our understanding of this the greater the prospect of higher added value for the person and the enterprise.

What Role fulfilment really means

The experience and the outcome

We are back to the word autotelic in having a sense of purpose and a belief in doing something worthwhile. Leaving aside innate ability and present skills, if both aspects are positive and in harmony the prospect of achieving the desired outcome is much higher. This also applies to improvements in performance.

People need to enjoy work and what they are doing and feel they can make a real contribution as this does affect their actual contribution. A simple test is if no one clearly explains a role or task or the context, standards or expectations. We may then just do what we think is correct or, worse still, slavishly follow the diktat or instructions without really understanding why we are doing what we do.

Maximising Added Value

		Ownership		Alignment		Attunement		Contribution	
High/Low →		H	L	H	L	H	L	H	L
Role Fulfilment	↑	⊙		⊙		⊙		⊙	
Employee Engagement	↑	⊙		⊙			⊙	⊙	
Job Satisfaction	↑	⊙		⊙			⊙		⊙

© Coaching Café Ltd 2009 – connection between role fulfilment and contribution

Do you get job satisfaction? Yes, sure I do. By the way what's on telly tonight? It is so easy to give an instant response without having a clear idea of what the expression conveys before changing the subject. We might be happy in our job whatever that means and get along well with our co-workers but be unproductive.

Job satisfaction is person-centred and whilst what people do may align to the enterprise, through job role, functions and standards for example, there may be little emotional attachment. People who claim to have job satisfaction might not be in tune with the enterprise which has a domino effect on performance. Their actual as distinct from perceived contribution may be low.

Employee engagement focuses mainly on the enterprise. If you want to test this out ask managers what engagement means and then ask people. A variable response may emerge. The analogy of training and learning is similar as training is often perceived as something done to and prescriptive rather than the more free-flowing, experiential and reflective process of learning. I have tested this out many times as a course tutor and the reaction is almost always the same. It can mean that people are aligned but not in tune even though the contribution is fairly high. At issue is whether it could be higher still.

Role fulfilment has a double meaning. People are fulfilled in what they do, are aligned and in tune with the enterprise and make a real contribution by literally fulfilling what is expected of them. This is win-win and means that a contribution is optimised, all other factors being equal such as further skills development.

Its all Relative

Albert Einstein's theory of relativity ($E = MC^2$) can be adapted to business. In Einstein's formula E is energy, M is expressed by matter and C the speed of light squared. The resultant release of energy is amazing as energy accelerates in an exponential way. So it should in business by releasing the positive energy of all people as represented by the formula:

E (Energy) = M (motivation) x C (commitment) x C (contribution)

Motivation is self drive, enthusiasm and focus plus the motivational influence of the enterprise. This is characterised by work environment, job scope, inspiring leaders and team camaraderie. Commitment is the desire to do a great job and work in the best interests of the enterprise that is reciprocated through skills development, involvement, role enrichment, being valued and future prospects.

Energy (and effort) is relative to the extent of our motivation, real commitment and the actual contribution made. It is also relative our physical and mental energy combined with the energy created by the enterprise. Typical attributes are a positive mental attitude, can do approach and a balance to life.

Role fulfilment in a recession

Employers are emphasising the need for engagement even more in the teeth of an economic blizzard so people connect more closely to the change agenda and a need to things better and differently. This new world order contains many must do's simply to stay afloat and survive and remain competitive. The message is a directed one and it is for people to engage with this which may mean changed work practices with possibly less involvement as speed is of the essence.

The challenge and dilemma is how best to really involve people to win hearts and minds and still enable people not just to fulfil their roles by accomplishing goals and deadlines but to feel their jobs are fulfilling. By so doing the enterprise may not only achieve added value in the short-term but longer term too. It is about creating future and sustainable success through people.

Learning to Learn

As Charles Handy says we talk about lifelong learning but few people take real steps to make it happen. Yet with constant change and turbulence we cannot rely on what we used to know and need to update, renew, refresh and adapt our skills, knowledge and behaviours. Learning takes many forms and a course may well not be the best answer. We also need to get better at assessing the impact of learning and difference made. Donald Kirkpatrick refers to four stepped levels of reaction, learning, behaviours and results. Not all learning is about results at level 4 but all learning should add value directly or indirectly.

Why paradox makes sense

Studies such as the one carried out by COI Strategic Consultancy in 2008 for Investors in People UK show repeatedly that enterprises putting people before profit are more successful and more profitable in the long run. If people believe that profit is the only driver, rather than the nature of the product or service and work itself, this can sap motivation. It may affect productivity, quality and the customer experience as work has little personal meaning.

The Price Waterhouse Change Integration Team came up with some interesting findings on paradox. To build an enterprise focus on the individual as the building block is their skills and aspirations which are for the enterprise to harness. Focus on culture but indirectly through the levers of leadership, vision, purpose and strategy, performance, structure, people practices and competitive context. A further example is that genuine empowerment requires forceful leadership with culture driven from the top but with a bottom-up approach. It makes sense and Jon Katzenbach takes up the theme. Examples include Home Depot and South West Airlines who impose disciplines to create fulfilment by people understanding the principles, guidelines and standards and what really counts.

The relevance of paradox in valuing people is best summed up in the PW book by Charles Handy. 'Every coin I now realize has at least two sides, but there are pathways through the paradoxes if we can understand what is happening and are prepared to act differently'. Emotional engagement therefore requires not just empathy but the mental agility and spatial awareness to see all sides of the coin that includes the narrow edge along its circumference.

What emerges is not so much paradox but a better awareness of what is around us and how our actions can have a domino effect and vice-versa. It is not just about empathy but developing a broader understanding of how we fit in and from an enterprise standpoint making sure people can see the wider picture, know the context in relation to their role and can see how their own contribution makes a positive impact on the customer value chain.

Role Relationships

In scores of studies people say they value teamwork and effective team working which means across the enterprise and outside it too when we come into contact with customers, suppliers and society in general.

These relationships fundamentally affect job fulfilment and it is incorrect to think that the only component is leadership although that is hugely important. From a business and customer perspective the most vital consideration is the impact that relationships have on the customer value chain as this will affect their perceived value. It may well affect profitability too as quality, productivity and service are affected.

We have to remember that it is not only about how people interact with us that affect role fulfilment but how we interact with other people. Or put another way, behaviour breeds behaviour. As Charles Handy contends there are two sides to every coin which is why ethos, approach and style are important in an enterprise and the behaviours that underpin these. So is the importance of attitude and a positive can do approach which is why many enterprises put a high emphasis on this in their recruitment policies. South-West Airlines is a much quoted example.

The anecdotes and quotes from the Sunday Times top 100 companies to work for mentioned in Section 6 bear out the importance of role relationships and positive ethos of an enterprise.

There are a surprising number of interactions that many people have within the enterprise and the model does not attempt to cover all of these.



(c) Coaching Cafe Ltd 2009 - role relationships

How other people see us and we see them resembles a Johari Window as Charles Handy observes in *Inside Organisations*. Each window has a different perspective with a prismatic effect which depends on our role and personality amongst other factors. An illustration is the customer value chain. Do we understand the billing system that follows our part of the process or find out how the customer service team operates? Do we talk to these people to see how we can improve what we do to help improve what they do?

The external viewers gaze at the enterprise and form their own impression with a prime example being customers but there are many others such as key suppliers and regulators that are included under the umbrella of society. Some of these external stakeholders have their own and at times narrowly defined perspectives.

Part 3
An added value approach to leadership

Painting the picture

Leadership & management in 21C

Making best use of our brains

Developing spatial awareness

Showing appreciation – 7 factors

Achieving congruence

Developing the mind-set

Painting the picture

As well as aligning people to the strategy, structure and systems we need also to attune people to what we require and expect but in turn we have to be aware of their needs and expectations of us. Alignment provides the operating framework and is both rational and functional whereas attunement is about our emotional response and reactions. All this has significance for leadership and use of the left and right sides of the brain and for our developing greater spatial awareness.

Leadership and management in 21C

Richard F Boyatzis in Organization 21C contends that “as leaders and managers we can only create environments in which others want to use their capabilities and emotional intelligence if we are ourselves authentic and consistent in our demonstration of these behaviours”. Or as Daniel Goleman asserts, when leaders operate with dissonant styles the resulting culture is invariably toxic. An example is an enterprise with a statement of values and people charter which extol how we develop and inspire people, only for this not to happen in practice. It is a short walk to dis-engaging with people.

Harvey Hornstein in Organisation 21C talks about the psychological golden rule of organisations of ensuring a culture of us and not them or you. His findings are based on scientific studies and are profoundly important. People then feel part of the whole and this engenders loyalty, commitment, dedication and emotional attachment. It is the job of leaders and managers to empathise and walk the talk and to build trust based on the ethos of ‘we’ and ‘us’.

A simple but true anecdote illustrates this. On the very first day the CEO said I want to be called Mr and not by my first name and he then proceeded to call everyone by their first name. People carried out the wish of the CEO. When I asked (years later) do you respect him, the answer was often no I don't. This inequality still rankled as there was no real emotional engagement from day 1.

Leaders talk about wanting to get their people aligned with their strategy. Daniel Goleman suggests it displays a mechanical image of getting everyone pointing in the same direction. The dry language of systematic and logical thought connects to the rationale left side of the brain and tends to ignore feelings and perceptions. For people to embrace change this means our attuning people emotionally as well as intellectually. The challenge is how best to attune people to your vision and business strategy in a way that arouses passion. As Daniel Goleman says we have to connect to the emotional centre of people.

Medical studies support these psychological findings. Dr Raj Persaud mentions the research institute for circadian physiology at Harvard Medical School which indicates that the brain's alertness is raised by a sense of intense involvement where there is full emotional engagement. People then feel strongly that their ideas and input help to shape something worthwhile.

Beverly Alimo-Metcalfe and Margaret Bradley talk about an engaging style of leadership that increases motivation, job satisfaction and commitment whilst reducing stress. Strategies include engaging stakeholders from the outset to shape the service, a collective vision of quality, creating ownership, having non-hierarchical teams and ensuring a supportive culture.

The desire to increase motivation is a leadership skill and in NLP terms (neuro-linguistic programming) recognises the importance of the six drivers of motivation outlined by Steve Andreas and Charles Faulkner viz: inner motivation, the value of high standards, chunking down goals, combination of present and future time frames, personal involvement and self to self comparisons as we may then know where the aspiration bar is set.

So what does all this mean for leadership skills? The answer is a lot as we are talking here not just about the usual suspects of vision, strategy, inspiration and leading great teams etc but practical skills such as situational leadership, project and change management and being agile and adaptable to think strategically and act operationally, almost in the same breath.

Making best use of our brains

Use the left and right sides of the brain even though you may have a preference or comfort zone eg systematic and pragmatic. As Alistair Smith illustrates in Accelerated Learning the left side is concerned with number, sequence, logic and analysis whereas the right side is about pictures, images, imagination and spatial awareness. It is the intuitive side and is more responsive to emotional signals.

The same applies to learning in getting a balance between visual, auditory and kinesthetic activities so there is a blend of learning by experience and concepts with active experimentation (largely right side) coupled with review, analysis and reflection (mainly left side). Effective learning is then more likely as is making active use of new learning, skills and understanding which provide the basis for added value. What are we doing new, better or differently and how do we know?

Developing spatial awareness

This means an organized awareness of people, objects or events around us and being aware of our self and interactions with others. By linking these we are able to visualise, picture success, chunk down activities and communicate lead-times early to give people maximum time and not distort other priorities. We can sense the impact our actions have on others as effective spatial awareness involves the right as well as left side of the brain. We reduce our stress and that of others!

Showing appreciation – 7 factors

There are probably a lot more but these 7 will go a long way.

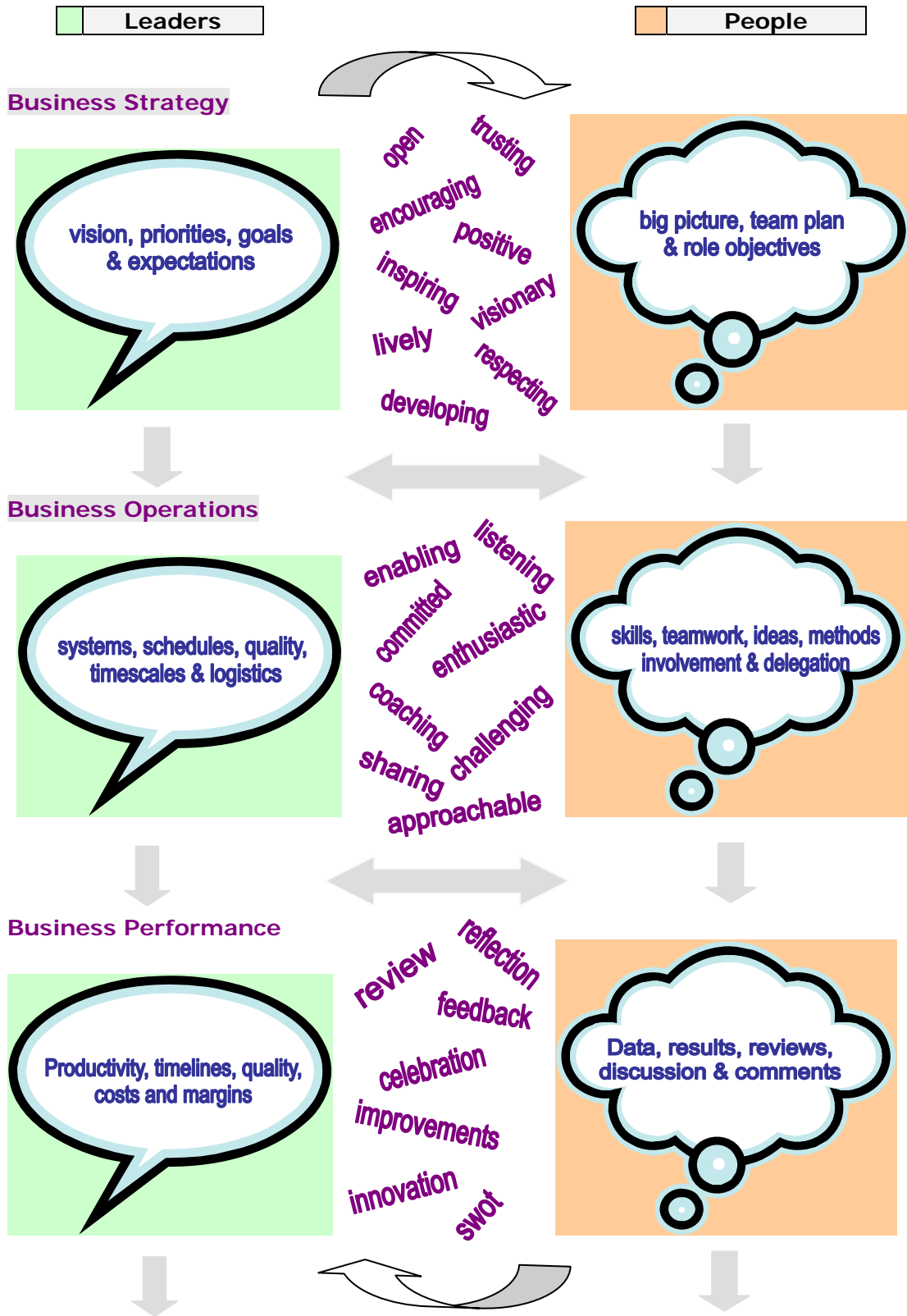
F eedback	<ul style="list-style-type: none"> ▪ Specific, spontaneous and regular ▪ Constructive and helpful and ending on a high
A ttitude	<ul style="list-style-type: none"> ▪ Emotionally intelligent with a positive body language ▪ Empathy and understanding of each person and role
C ommitment	<ul style="list-style-type: none"> ▪ Bringing out the best in people ▪ Developing skills and high performance including own
T ime	<ul style="list-style-type: none"> ▪ Making time for people ▪ Giving maximum lead-time on deadlines
O ppportunity	<ul style="list-style-type: none"> ▪ Developing aspiring, emergent and untapped talent ▪ Role enrichment, projects and career development
R ecognition	<ul style="list-style-type: none"> ▪ Genuine thanks for a job well done and hard work too ▪ Remuneration to compensate and reward achievement
S upport	<ul style="list-style-type: none"> ▪ Being there to support, coach or mentor ▪ Unblocking glitches and hitches so people can achieve

Achieving congruence

We are back to Carl Rogers and congruence. In this context congruence means leaders attuning to the needs of people to enable success through role clarity and skills development and people attuning to the needs of the enterprise. The two need to be in harmony for maximum added value.

Developing the mind-set

The model illustrates many of the considerations in creating a shared mind-set and approach to business success through people. Compare your list of desired attributes from the standpoint of leaders and people such as trust, respect, sharing and reflection as there are implications for both.



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Part 4
Beyond Engagement

Defining engagement

The main drivers

The extent of engagement

Challenges and opportunities

Generations apart

Limitations of engagement

Champagne Success

Defining engagement

As many professionals contend the term engagement lacks a clear definition and language around the subject may be confusing to many people. The Institute of Employment Studies provides a starting point for a definition:

'A positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of the business context and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.'

The CIPD factsheet (revised January 2009) talks about employers wanting people to do their best work and go the extra mile and for jobs to be worthwhile. The factsheet says the aim is a win-win solution that meets the needs of employers and people. There is a third winner too and that is customers.

Both the CIPD and IES point to clear overlaps with concepts such as commitment to the organisation and its value and social citizenship which is intended to mean a willingness to help and support colleagues. The CIPD assert that engagement goes beyond job satisfaction and is not simply motivation but something people have to offer. The goal is improved business performance.

Engagement is a two-way process with the enterprise working to engage each person who has a choice on the level of engagement offered which is about their emotional response and buy-in, or otherwise, and what may be termed their discretionary behaviour or effort.

Professor Paul Nutt of Ohio State University identified four styles of interaction which are depicted as tell, persuade, participate and engage which he asserts is creating an awareness of the need for action and is the most effective method. The critical word is awareness as this gives meaning and context.

The main drivers

Taking these academic contributions together the main drivers are:

- involvement in decision making
- knowing why we are doing what we are doing and the context
- extent to which people feel able to voice their ideas with managers listening to these views and valuing their contributions
- the opportunities that people have to develop their jobs
- a feeling of being valued and being enabled to perform well
- the extent to which the enterprise is concerned for the health and well-being of people
- a belief that a person's manager is committed to the enterprise

Of these the strongest drivers are a sense of being valued and involved. My own experience of working within education, the care sector, NHS and other sectors suggests inclusion of other factors such as role connection to the bigger picture, a feeling of making a difference and opportunities for role enrichment.

Beverley Alimo-Metcalfe and Margaret Bradley divide the main drivers into the two groupings. The first is attitudes at work which involves job satisfaction, motivation to achieve and job and organisation commitment with the second being well-being at work which is separated into six factors.

The extent of engagement

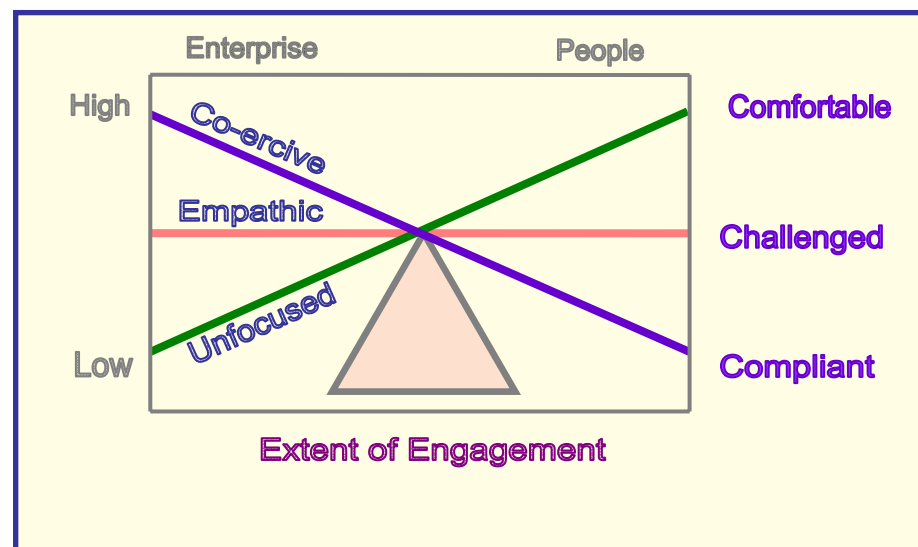
The table shows three styles of engagement:

Coercive – Engagement is driven by the enterprise with people in frontline roles in particular being compliant participants, possibly through fear of job security. The emotional mind-set is 'I am doing this because you are telling me to do it.' Eventually talented people find pastures new with compliant people left to soldier on as for some it is only a job.

Unfocused – The engagement message is woolly because the strategy, approach and standards are unclear. This has a domino effect on managing performance which may be variable. Some people, possibly many, may be in a comfort zone and make comments such as I'm OK, the proviso being leave me alone please to get on with my life. Unfocused is not a sustainable state as performance suffers.

Empathic – The business imperative is communicated from the standpoint of the person and their role and contribution. It is conveyed in an enthusiastic way that aims to make best use of people's talents. People can connect what they do and are expected to, understand the context and know what success looks like. Each person and the team are fired up. There is a mutual bond to succeed.

The diagram depicts a see-saw showing three different styles of engagement and consequences of each approach. Effective engagement takes place when there is a balance between the aims and aspirations of the enterprise and the buy-in and enthusiasm of people. There is a buzz and momentum as challenge is perceived in a positive way with an achievement mind-set and desire to give our best.



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Challenges and Opportunities

- Studies such as IES show that engagement levels decline as employees get older, until they reach the oldest group (60 plus) where levels suddenly rise and indicate this oldest group to be the most engaged of all. A big challenge is how to engage people who are within several years of intended retirement.
- Minority ethnic respondents have higher engagement levels than their white colleagues and this is cause for concern. Are there societal, cultural or social reasons and why are ethnic respondents often so much more positive?

- Managers and professionals tend to have higher engagement levels than their colleagues in professional and other supporting roles who may have greater loyalty to their profession than to the organisation in which they practise this.
- Engagement levels decline as length of service increases which may say a lot about the reality of role enrichment, diversity and development.
- People who have a personal development plan, and who have received a formal performance development review within the past year, may have significantly higher engagement levels than those who have not.
- Most worrying of all are people nearest the frontline who have most contact with customers and service consumers eg patients as they may have a low level of engagement with the enterprise. Worst of all is where the attitude is poor (comfort zone at best), role challenge is minimal and the mind-set detached from the enterprise. Service delivery will suffer or more precisely the quality of service provided for patients and the consistency.

Generations Apart

Christina Simon is professor of human resources at IE Business School in Madrid and analysed the differences between four generations of employees:

- Traditional workers (born before 1946) – value loyalty and discipline and respect authority and hierarchy.
- Baby boomers 1946-1960 – joined organisations which were on a wave of progress and expectations were high. This group contains workaholics.
- Generation X (1961-1979) – the best qualified who value informality and flexibility and are a group rich in entrepreneurs.
- Generation Y (from 1980) – have lived their whole lives with information technology. They are more individualistic and demand a voice and autonomy.

These contrasting generations present many challenges such as generation X wanting balance and flexibility with perhaps little loyalty whereas Y has more concern for income levels and promotion opportunities. Both X and Y finds the labour market more confusing, complex and fragile than their predecessors. For these generations the factors that make them feel good and have personal value are ones that really count. They resonate more than commitment and loyalty.

Limitations of Engagement

► Achieving balance

For engagement to be successful it has to be two-way with a balance between the interests of the enterprise and job related and development needs of the person. This requires an understanding of context, purpose and rationale by everyone but will happen only if managers have real empathy with their people, if they have excellent communication skills and if they are emotionally astute.

The see-saw is often tilted with engagement directed, intentionally or otherwise, with the result that frontline people especially may well feel disengaged. Mere compliance may come at price such as service delivery. Experience shows that career and personal development are not always discussed or followed through which may lead to feelings that a psychological contract works one way only viz to the benefit of the enterprise. This has huge significance for those seeking real job fulfilment and in Maslow's term, self-actualisation.

▶ **Achieving congruence**

Congruence means alignment in a structural sense. The goals are for the golden thread from vision to strategy to translate to actions, for the jigsaw pieces to fit together and for operational processes to form a clear value chain to customers. The word congruence has emotional and psychological components in attuning to the needs of people and vice-versa. Congruence will not occur if teamwork is poor and if an unconditional regard for team members, the team itself and peers is absent. Engagement alone is not sufficient.

▶ **Displaying genuine empathy**

This covers a multitude of factors such as understanding each person and their learning and development needs and aspirations, explaining job expectations and being able to view the process of achievement through their eyes. Role fulfilment for the enterprise means job achievement and accomplishment. For the person it means an emotional buzz from contributing, making a difference, being part of the whole team, enjoying their role and having a future.

Neither is empathy one-off but is enduring in our daily actions such as support and concern for individuals and giving feedback, praise and encouragement. It is often small signals and recognition symbols that carry most weight such as the immediacy or spontaneity of saying thanks and making time for people if busy.

▶ **Language**

Engagement means a lot to people in HR positions and to most managers but it often has little meaning to people. The connotation is of something being done to when the enterprise talks about engaging with people. The language is clinical and may leave people feeling cool if not cold or detached about the subject.

Engagement can engender the opposite reaction in feeling that senior managers especially and possibly HR too are distant in having to use this type of language. They may have similar views about terms such as human resources and a welter of jargon and business speak. We are back to language in expressing things in a way that people can readily understand, grasp and associate with.

▶ **The place of performance management**

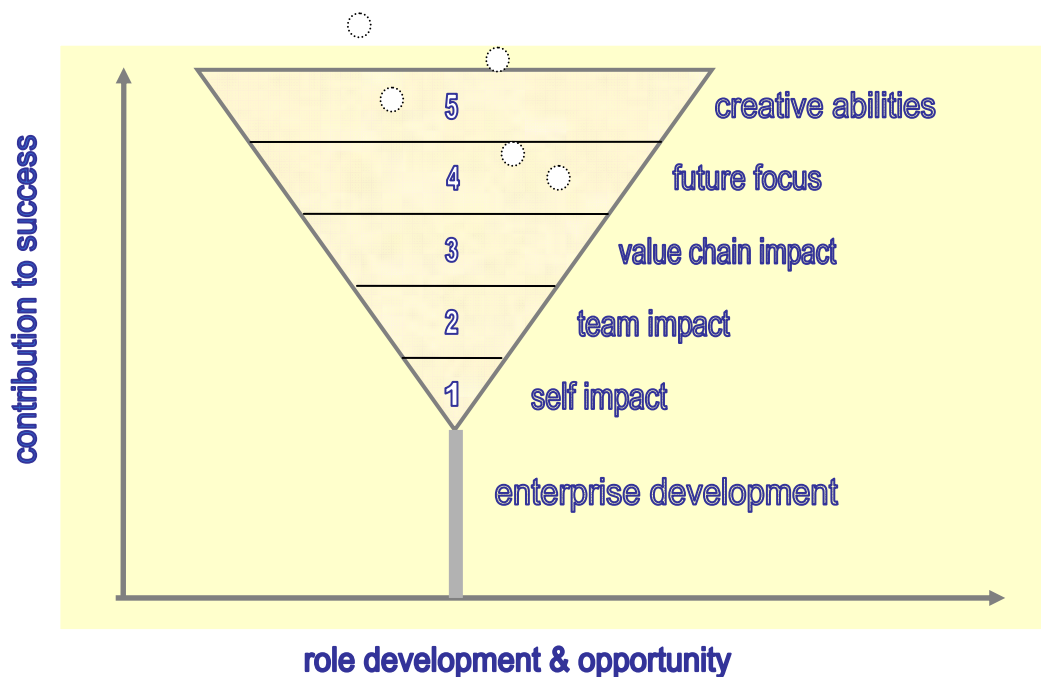
Douglas McGregor in a Harvard Business Review article challenged the construct, emphasis and approach of standard appraisal systems which he felt might leave people feeling like products on an assembly line. In the modern era, terminology such as engagement and performance management may give people this same feeling. For some the process may feel like an inspection or assessment process with the ritual of objectives, results and performance assessment.

How many people see performance management as a developmental process with a positive emphasis and approach and really constructive feedback that is helpful, challenging and uplifting? How many managers ensure they have regular 1:1's with people and actively use a coaching style to help people succeed? No doubt some do but this is often down to the inter-personal skills of a manager who will make the system work for the enterprise and person.

Champagne Success

Champagne success is a celebration of enabling people to achieve great things by progressing through all five phases. Success means maximising the contribution and value of all, nurturing ability, developing skills and providing role enrichment and opportunities. The glass is half full so all people make a real contribution to the customer value chain and business success..

Phases 4 and 5 offer even greater added value with the ability to anticipate and respond to the future and adapt and renew skills. These phases involve taking on new and different challenges to sustain success, using untapped capabilities and developing creative talents. The stem of the glass is the enterprise itself which has to be renewed, nourished and refreshed so that people may flourish.



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The model illustrates that development accelerates and increases at each phase. An analogy with mountain climbing is appropriate as the further we climb up the more we can see. Our motivation momentum to reach our goal is greater.

Phases	Development	Current & Future Success	Added Value
5	Creative abilities	Innovative & adaptive	↑
4	Strategy focus	Future market place sensing	
3	Value chain impact	Customer value contribution	
2	Team impact	Team contribution	
1	Self impact	Personal performance	

Part 5

Devising a model for valuing people

Focusing on what counts

Creating ownership

Comparing to set goals

Using the valuing people diamond

Assessing perceptions

Survey design

Survey response

Dimensions of valuing people

Developing a basket of measures

Valuing People Index

10 benefits of using the Valuing People Index

10 steps to successfully apply the Valuing People Index

Adapting the model

Focusing on what counts

A useful starting point is the rationale. Why are we doing it, what we do want to get from the valuing people process and how will we use the information? The following are just some of the reasons:

- Recognise the contribution that people make to business success
- Understand the link between role fulfilment and value added
- Closely align design of the enterprise with the business strategy
- Seek better ways to get the best from people and they from us
- Build the capacity and capability for future business success

Return to the strategic vision and build a picture of what success looks like as by doing so the focus and approach then becomes clearer.

Creating ownership

Failure to do this may lead to cynicism, give an impression of being manipulated or even exploited, create detachment or resentment and at worst result in system sabotage. Enable people to inject their ideas, help construct the model, develop measures and explore practical aspects such as data collection. Use a checklist:

▶ Why are we are doing this?

- Explain the purpose and rationale
- Emphasise the links between people, customers and results
- Focus on the benefits

▶ Who is it for?

- Be honest with people
- Ensure our enterprise is the prime beneficiary
- And more especially the people who work within it

▶ How will we use it?

- Mention how we will share this information with our people
- Say how we may set added value goals
- Consider external stakeholders and the benefits to them
- Think how we might be built actions into the strategic plan

▶ Which elements are critical to success?

- Use Pareto's Law to identify the major success factors
- Explain what these are and why this they are important
- Be clear about what data is required and avoid data overload

▶ When is the right time to produce this?

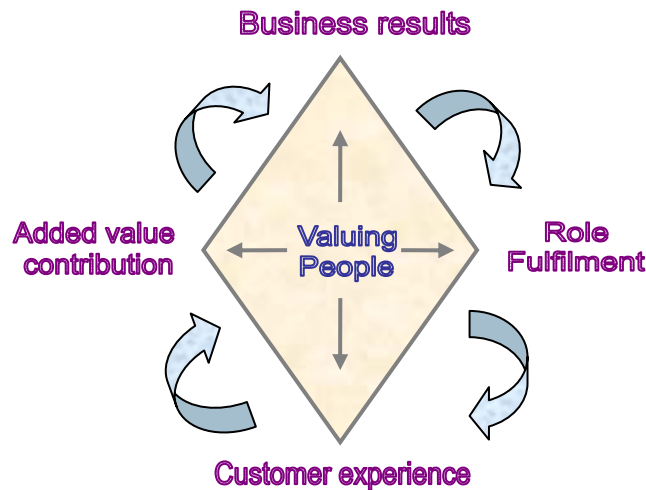
- Pilot it at any time and refine
- Define the time horizon eg financial year and when to start
- Plan the tools for data capture and methods
- Schedule information and feedback to people
- Test and refine the model before rolling out

Comparing to set goals

Having a stake in the ground of how we are doing is extremely useful but only if data is used to set goals on where we wish to be. Data has to be in a format that is easy to digest, simply expressed and comparable over time and elsewhere, for example if there are separate business units within the enterprise.

Using the valuing people diamond

The valuing people diamond is an amalgam of business results, the customer experience and twin dimensions of the contribution of people expressed as added value and their perceptions about role fulfillment.



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The experience of customers directly impacts on business results through precise measures such as actual sales, sales per customer and retention and the softer measures of perceptions that give important clues on future sales and prospects for growth. Role fulfilment and added value contribution need to be in balance. If role fulfilment is very high and added value low it may mean the enterprise has taken their eye off the ball and the bottom line. It is not sustainable and neither is high added value and low role fulfilment which suggests an autocratic approach with poor job satisfaction and prospects.

Assessing perceptions

The word assessment is preferred to measurement as the criteria and way people and customers respond is a matter of judgement and involves qualitative data. A survey is the best way to capture the views of everyone although other methods may be useful at times eg interviews. For surveys a Likert rating scale enables people to express their extent of agreement with each statement. Colin Robson in Real World Research observes that people often prefer completing a scale of this kind. Allow space for comments and do encourage people to suggest ideas for improvement. A further benefit of this type of survey is it can be repeated at intervals so trend comparisons can be made and improvement goals set.

Survey design

Using survey categories is extremely helpful as this can help focus on specific aspects. It is also easier on the eye for respondents if the survey is chunked down though a useful tip is to number the statements in each section rather than in numeric sequence from beginning to end. It is rather daunting if people see they have 40 statements to answer. Ideally sections contain the same number of statements though variation is possible providing the mean is calculated for each section to enable like for like comparison. As Cohen, Manion and Morrison point out in Research Methods in Education a danger is results may otherwise skew.

When using a Likert rating there is often much debate on whether to use say four or five categories of response. A way through this is to offer five with the option also of not applicable if necessary. The five categories might be:

- Strongly disagree
- Disagree
- Partly agree
- Agree
- Strongly agree

Neither agree nor disagree is not recommended as this suggests sitting on the fence and rightly or wrongly may convey the impression that little thought has been given to the response. The five categories listed are a natural progression from least positive to most positive.

Survey Response

For a people survey the aim is that all are invited to complete it in which case a good response is 70% or more and is quite possible without any impression of badgering. If the response is 50% or less there is an issue about the reliability of findings, the statistical significance of these and whether data is representative of the whole. When carrying out a survey of customers a sample may be taken, both specific and at random. The same issue about the response rate applies.

10 Tips for a high response rate

1. Preview the survey and allow a sample of people to comment on it for ease of understanding, ease of completion, meaning of statements and terminology.
2. Let people know in advance what it is about, why the survey is being carried out and when. Say how long it will take to complete.
3. Decide how long people have to complete the survey eg same day or three days. Remember, the longer you give people the less the response rate!
4. Ask each group to complete the survey but individually. Aim for 100%. Yes this is possible although we cannot insist on people completing the survey.
5. Emphasise that the survey is confidential and people should not put their name on it. Confidentiality is greater if an external agency is used and if the survey is completed on-line in private.
6. If several people have difficulty in understanding or reading statements, one option is for a facilitator to read out each one (clarifying if needed), before moving on to the next when everyone is ready.
7. Explain how the data will be summarised eg by each major grouping of people and by main topics which will appear under separate sections.
8. Say who will analyse the responses and how these will be transmitted if other than by electronic means through a web-based system with password access.
9. Mention how survey results will be fed back to people, in what form, when this is likely to be and, crucially, what will be done with the information.
10. Offer those people not present the opportunity to complete the survey if they wish. Do not ignore people on holiday or on sick leave.

Two critical factors affecting a response rate are survey fatigue and cynicism. Do not overuse surveys and ensure that follow up action is taken. There is nothing worse than feeling it is a waste of time if no action was taken on the last one.

Dimensions of Valuing People

Economic data is measurable and associated with the financial contribution made such as the ratio of operating profit to the costs of people and role fulfilment by a person achieving specific goals or tasks. The latter may be difficult to express in money through productivity but as with all jobs there is an opportunity cost and value. Economic data tells us the results of activities and is historic.

Role fulfilment in a perceptual sense is about our emotions and feelings. Whilst surveys may be historic the data compiled may tell us something about the here and now and future intentions. This applies to both people within the enterprise and customers too. If the feel good factor of an enterprise is patchy it may give some clues on future impacts such as higher or lower turnover and performance. Merely satisfied customers may well not return as their experience was probably average and may have left them feeling indifferent with no views either way.

Valuing People Dimension	Economic Data	Perceptual Data
Business results	○	
Added value contribution	○	
Role fulfilment	○	○
Customer experience	○	○

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Developing a basket of measures

Each enterprise may create a basket of measures to suit nature of the business, its sector, business focus and priorities and construct of accounts too as these may differ such as the extent of loans, share capital and fixed asset base. The weightings of results, people and customers do not have to be given equal rating as this is a matter for the enterprise. A higher weighting for people may be given in view of the importance of the contribution by people and role fulfilment and the association between these.

In making judgements about what the information tells us it is essential to agree criteria and incorporate a scale to make sense of where we are now, make year on year comparisons, identify areas for improvement and set goals eg from good to outstanding. An example is sickness absence which the CIPD shows can be measured in at least three ways:

- Lost time as a percentage of total time available
- Frequency percentage – total number of spells divided by total employees
- Bradford Index $S^2 \times DS$ where S is the frequency and DS total days sick

The answer lies in the management process used and sickness is a good example. The issue is not just about measurement but management to try and ensure the health and well being of people, a positive attitude to their role and empathy and support for colleagues, especially team members who cover for absence.

Valuing People Index

In the illustration all four dimensions have an allocation of 25% and five ratings are used from outstanding to poor. It is for senior people and cross-enterprise team to agree the allocation of points for each of the twelve factors ranging from 0 to the maximum shown in the first column. The chart shows what the total points mean against the value band for each dimension and overall.

Valuing People Index						
Dimensions & Factors	Value Rating					
	%	A	B	C	D	E
Business Results	25	25	20	15	10	5
Operating profit %	10	10	8	6	4	2
Asset turnover %	7	7	6	4	3	1
Sales turnover % increase	8	8	6	5	3	2
People Contribution	25	25	20	15	10	5
Staff costs as a % of sales turnover	7	7	6	5	3	2
Staff costs as a % of operating profit	12	12	10	7	5	2
People costs as a % of TA less TL	6	6	4	3	2	1
Role fulfilment	25	25	20	15	10	5
Staff retention %	7	7	6	4	3	1
Staff absence %	6	6	5	4	3	1
Staff feel good factor %	12	12	9	7	4	3
Customer Impact	25	25	20	15	10	5
Customer retention %	8	8	6	5	4	2
Customer added value % increase	9	9	7	5	3	2
Value of new customers as % of existing	8	8	7	5	3	1
Overall % for Each Rating Value	100	100	80	60	40	20

TA – TL = total assets less total liabilities as show on the balance sheet

Value Banding		Rating Criteria
A	Outstanding	Exceptional and way beyond our expectations
B	Impressive	Above what we might have hoped for – well done
C	Acceptable	A sound performance In line with forecast & targets
D	Disappointing	Below expectations so we must improve on this
E	Poor	Way short of expectations and requires urgent action

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The illustration shows three factors within each dimension and some enterprises may wish to include more, vary the number of factors per dimension or choose different ones. For example in hotels and nursing and care homes an important barometer of success is occupancy rates. Shareholder equity and earnings per share etc are excluded as these depend on business profitability and often other considerations exist, especially if a company is listed.

The supply chain has not been included in the example as this is likely to require different factors such as which suppliers to include, how many and why. Consider using a supplier rating index to compare performance between suppliers.

10 benefits of using the Valuing People Index:

1. The team decides the factors to be included under the four dimensions
2. The rationale for the selection and criteria are understood
3. Similarly, the team determines the allocation of points for Value Bandings
4. The overall rating value shows how the enterprise as a whole is performing
5. High scoring and low scoring dimensions and factors are highlighted
6. Areas for action are quickly identified
7. Trend analysis helps pinpoint stronger and weaker areas
8. People can gain real insights into what creates a successful enterprise
9. Everyone may feel they make a direct contribution to success
10. The process is motivational

10 steps to successfully apply the Valuing People Index

Focus on the journey and the process and do not have an endless debate on the points rating for each factor and element. It is about making sense of where we are and how we can improve.

1. Agree the purpose and objectives
2. Decide the team composition and appoint a team leader
3. Provide terms of reference
4. Determine the factors to be included
5. Set out the rating factors and decide the rating scale criteria
6. Agree the allocation of points for each dimension and element
7. Use a coach or mentor to help facilitate the scoring consensus
8. Celebrate strengths and identify areas for development
9. Communicate the results and significance
10. Set future goals

Adapting the model

The model is flexible and adaptable as it enables each enterprise to construct it in a way that best suits. Involving people and taking them with you is vital as buy-in and involvement helps not only create ownership but a real understanding of business issues too. The whole process can be very developmental.

The Index is adaptable to reflect the strategic emphasis of the enterprise and an example is a balanced scorecard containing specific segments. It is possible to devise metrics which fit these segments to achieve an overall balance in line with the business focus and strategy.

The model translates well to the public and not for profit sectors using a different set of measures for business results such as key performance indicators. Many common denominators exist with service delivery being a prime example. Not only is there a desire to be cost effective, offer best value and achieve value for money but to add value too which will become more important with the pressure on resources and need to do things smarter.

Part 6

Last Word

The last word is from The Sunday Times Top 100 companies 2009. Comments are extracted in no particular order from the top 20 organisations that includes not for profit companies. These convey the spirit of an enterprise in liberating people to give their best and achieve their best.

The quotes and anecdotes are refreshing as they reflect a positive approach with great teamwork and strong and effective leadership. In Search of Excellence by Tom Peters and Robert Waterman emphasises how we need to take the lid off people but you can only do that if the environment is created in the first place and then sustained. The Sunday Times top companies seem to do this well with an association between role fulfilment and added value.

Leadership
"The company is run on strong principles."
"People are excited about where the company is going."
"I don't fear being judged and I'm not scared of the partners."
Employees agree that senior managers really listen to them.
They have confidence in managers' leadership skills.
We feel inspired by leadership from the top.
"The best argument should always win — irrespective of who makes it".
Ethos
"People don't believe that profit is the only thing driving the company."
The ethos lies at the heart and is communicated from day one.
A culture of mutual respect, ethical practice and shared responsibility.
"The ethos here is work hard, play hard."
"Ethics are one of the main things which drive this company."
"We look after people as if we were a family."
Feel good factor
People feel a strong sense of family in their teams.
"Team managers care about the job satisfaction of their people."
There is a culture of sharing information.
A fit-for-purpose forum allows staff to give their opinions.
Employees think senior managers truly live the values.
Company results and customer numbers are shared so there are no secrets.
Customer service
"It's about the difference we make to their day."
Staff are doing all they can to boost the buying experience.
Trying to put a smile on the face of shoppers and enrich their lives.
Learning & development
Training focuses on developing every aspect of the employee.
Holistic approach gives staff transferable life skills, instead of job-specific skills.
People feel the job is of great personal benefit to them.
"It's a powerful thing that goes beyond making them better sales people."

Personal growth

The job is good for personal growth.

Started in the post room and now 21 years later managing a team of 10.

Career progression and personal development are so strong.

"We provide career maps, mentors and guidance to help people navigate."

Managers attend a leader as coach programme to help people develop.

Health & well-being

"The company is more interested in output than how long people work."

People are trusted to get their work done.

Hard working yes but no stress-related symptoms in the past 12 months.

People are happy with the balance between work and home.

Strong leadership looks after the well-being of staff.

Job-share, reduced hours, term-time only contracts and flexitime.

Top scores for pressure not affecting their concentration or performance.

Personal accomplishment

People believe they make a valuable contribution to success.

"You want to do well for yourself and the partner you are working with."

"The workforce owns 25% of the company and all receive profit-related pay."

They feel they can really make a difference in the organisation.

"I don't ask permission as I am responsible for my results, activity and success."

"Monthly performance update given to everyone so we know how we are doing."

Appendix

Role fulfilment survey

The table shows the major considerations but by no means all. It is helpful to segment the survey into these or other groupings, not only to pinpoint possible action areas but to make the survey more interesting to complete.

Feel good factor	Personal motivation
<ul style="list-style-type: none"> ▪ Enterprise to work for ▪ Team spirit ▪ Job enjoyment ▪ Feeling of making a difference 	<ul style="list-style-type: none"> ▪ Motivation to achieve ▪ Discretion on how I do my job ▪ Ownership and responsibility ▪ Opportunity to contribute ideas
My role	Leadership & management
<ul style="list-style-type: none"> ▪ Context to the big picture ▪ Role and team expectations ▪ Involvement in agreeing role priorities ▪ Role interest and variety ▪ Sense of job commitment 	<ul style="list-style-type: none"> ▪ Getting the best out of me ▪ Inspiring me to achieve ▪ Encouragement and guidance ▪ Appreciation and praise ▪ Recognition of contribution
Pride & loyalty	Performance review
<ul style="list-style-type: none"> ▪ Pride in my job ▪ Pride in working for the enterprise ▪ Pride in brand, reputation and image ▪ Loyalty to the enterprise 	<ul style="list-style-type: none"> ▪ Business performance updates ▪ Discussions on team performance ▪ Own performance review ▪ Use of 1:1's to discuss progress
Well-being	Growth & development
<ul style="list-style-type: none"> ▪ Organisation of my role and hours ▪ Adequacy of facilities and equipment ▪ Able to manage work volume ▪ Can manage challenge & complexity ▪ Energy and capacity to achieve ▪ Balance with home & other interests ▪ Team spirit and effectiveness 	<ul style="list-style-type: none"> ▪ Role enrichment eg projects ▪ Positive role challenge ▪ Taking on more responsibility ▪ Learning & development growth ▪ Untapped or latent talents used ▪ Discussion of personal ambitions ▪ Career opportunities

It is important to calculate the mean for each group as otherwise survey results may be distorted. The overall mean can be expressed as a figure eg 3.4 against the 1-5 scale or as a percentage using weighted bandings eg 100% for strongly agree; 70% for agree; 50% for partly agree; 30% for disagree and 0% for strongly disagree. An advantage of this method is that people may more easily understand a percentage and its relevance. Whichever method is chosen take care to ensure consistency of use, especially when comparing over time.

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About the author

In September 2009 I celebrate 40 years in management. Back in 1969 I had just started my finals of a professional qualification and management theory & practice was a chosen option. These were the heady days of Drucker, Maslow, Hertzberg and McGregor and for me management is a much travelled path since.

My background is very varied having started in accountancy before moving into financial and operations management in different roles. These gave me the best of all worlds as in one way and another I covered a broad spectrum of business management. There was an inevitable conflict in being embroiled in strategy, business plans, projects and blue-sky thinking and a wish to be close to frontline people and customers. I also wanted to expand my horizons and obtain a role where I could free-think more as by nature I like to be reflective and expressive.

The three turning points in my life came in fairly swift succession. The first was doing extremely well in post-graduate management studies that made me think hard as it opened up avenues never dreamed of. The next event was nearly losing my eyesight which put me out of action for some while. Last and much more traumatic was losing my wife Di through cancer.

By this time I had set up as a performance improvement coach and gradually worked with most types of enterprise though these days my focus is more the education and service sectors. I am also a registered assessor and specialist adviser for Investors in People UK, consultant, director, qualified teacher, writer and ideas creator.

Aside from academic references most of this coaching resource is a summation of working with some 600 enterprises and interviewing over 10,000 people. The four pillars of my prime role remain the same: business mapping, enterprise design, people development and value enhancement. When reflecting on what business I am in my response is enterprise enrichment which is about aligning people to strategy and attuning their hearts and minds to business success and their own continued development.

Finally, I love art and am reminded of a quote from James Whistler, the Victorian artist, who sued John Ruskin over the Falling Rocket; a painting well ahead of its time. Whistler was asked how long it took him and he replied two days -and the experience of a lifetime. This coaching resource has taken me several months to create and nearly forty years to compile!

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