

## Factsheet for Motivation Workshop – case studies, research evidence and a suggested framework for action

### Case studies

#### **B&Q**<sup>i</sup>

B&Q, a British DIY retail chain, proved statistically the links between employee morale, customer satisfaction, and business performance in terms of improved sales, lower costs and higher profits. The factors which B&Q identified as key predictors of business success are teamwork, satisfying employees' 'basic needs', and, most significantly, support from front line managers.

The company introduced a system whereby six monthly every team across the company assessed how engaged they were – indicating how satisfied they were overall, whether they intended to leave and whether they had the right systems in place to do their job. Managers received a summary report of their team's responses, with the results made available on the intranet for all staff to access if they wish. This was followed by a team meeting to discuss, agree and plan actions.

B&Q improved the quality of front line management through better management recruitment, ensuring that management development programmes address the right issues, and targeting managers who have difficulties by providing access to training and by placing them alongside colleagues who are exemplars of best practice. Coaching was also made available.

As the initiative took effect (between 2005 and 2006) B&Q saw an increase in its staff engagement score from 3.58 to 4.16 (out of a possible 5), in customer satisfaction from 65% to 80%, and like-for-like sales by 10.4%.

#### **Evotec OAI**<sup>ii</sup>

Pharmaceutical 'discovery' company Evotec needed to reduce its turnover, which had reached an all-time peak of 26% in 2002. After analysis of their staff survey and focus groups, they took action in three areas:

- Career progression paths were defined and the performance appraisal system re-vamped.
- Leadership behaviour was improved. Employee feedback showed that the quality of front line management was very mixed. Managers who scored low were often great scientists but not natural managers – they found it difficult to do things such as say 'well done'. So Evotec helped them to become better managers through coaching and management courses.
- More flexible benefits were introduced.

These initiatives reduced turnover by more than half – to 12% in 2003.

## Research evidence

### *Staff absence and turnover*

- Researchers<sup>iii</sup> at Gallup analysed attitude survey responses from 10 million people in 114 countries, across a wide cross section of employment sectors. They found that engaged employees averaged 27% less absenteeism and 31% less turnover than those who are actively disengaged.

### *Customer satisfaction and sales*

- Research<sup>iv</sup> at the Sears retail chain in the US found that every 5 point increase in employee satisfaction was related to a 1.7% increase in customer loyalty which in turn was associated with a 3.4% increase in sales.
- A major UK retailer found that a one point increase in employee commitment increased sales per store by up to £200,000 per month.<sup>v</sup>

### *Performance in public services*

- School-average levels of teacher satisfaction, commitment, adjustment and stress correlated with school effectiveness as measured by student achievement, attendance and drop out rates.<sup>vi</sup>

### *Financial results*

- The Gallup survey<sup>vii</sup> of 10 million people (above) found that employee groups in the top quartile for engagement average 18% higher productivity and 12% higher profitability than those in the bottom quartile. The more engaged organisations outperform the earnings per share of their competitors by 18%.
- A Towers Perrin study<sup>viii</sup> of over 85,000 employees working for large and mid-sized organisations in 16 countries on four continents found that companies with high employee engagement levels also experienced a higher operating margin (up to 19%), net profit margin, revenue growth and earnings per share (up to 28%) than companies with low employee engagement.

## A suggested framework for action

### **Build awareness and support**

Ensure that managers and staff representatives understand the concept and importance of morale, and build their support for managing it.



### **Step 2: Analysis and recommendations**

- Prepare and conduct an employee attitude survey and focus groups to collect baseline data about the level of morale, which drivers of morale are important to employees and how they feel the organisation is doing in meeting their needs.
- Analyse and report the data to produce information, for the organisation as a whole and for each business unit. Include linkages with employee absence, turnover and productivity, and with customer satisfaction, sales and financial success.
- Recommend actions to build morale.



### Step 3: Action

- Agree at senior management team level on an action plan and who will lead it.
- Tell staff what will be done and involve them in designing and driving changes.
- Report to the senior management team, for the organisation and for each business unit, at least six monthly showing progress against agreed actions.
- Once actions have been delivered, ensure that everyone knows - it's key that employees see that the organisation delivers on its promises.



### Step 4: Evaluation

Monitor impact on employee morale and on workforce productivity, review the approach and plan a second cycle of actions.

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<sup>i</sup> Kearns 2004; Crabb 2007.

<sup>ii</sup> Sappal P. *Long Engagement* People Management 9 December 2004 pp.31-33.

<sup>iii</sup> Wagner and Harter 2006, Chapter One. They also found that: organisations with an inordinately high number of disengaged employees lose 51% more stock to 'shrink' than do those on the other end of the spectrum; workgroups whose engagement puts them in the bottom quartile of the Gallup database average 62% more *accidents* than the workgroups in the top quartile; engaged employees are more creative. Gallup's Q12 list of twelve questions covers the twelve issues that have emerged as the elements of work life which are the core of the unwritten social contract between employee and employer.

<sup>iv</sup> Norquist M., Gilbert M., King R., Brown R. and Clarke P. *A great place to shop, work and invest: measuring and managing the service profit chain at Sears Canada* Interactive Marketing vol.3:3 pp.255-261 2002

<sup>v</sup> Institute of Employment Studies 1999, reported in Gofton 1999.

<sup>vi</sup> Gelade and Ivery 2003 citing Ostroff 1992

<sup>vii</sup> Wagner and Harter 2006, Chapter One.

<sup>viii</sup> Towers Perrin *Reconnecting with employees: quantifying the value of engaging your workforce* London Towers Perrin 2005, cited in Alimo-Metcalfe and Alban-Metcalfe 2008. Describes the results of a study conducted in 2005 by Towers Perrin.