THREE BELL CURVES

Business Culture Decoded

Understanding and managing the root-causes of
superior customer retention and organic growth.

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Simple

We've all read business books, white papers or articles outlining steps that, if followed, purport to help a reader achieve success. This isn't one of them. Business Culture Decoded and the Three Bell Curves are about a simple framework which, if executed with discipline, will filter the waste out of your culture and enrich what remains to support long-term positive growth and stability. 'Steps' while making perfect sense on paper, too often become less practical when real life business people enter the real life workplace.

While reading Business Culture Decoded, make sure not to confuse the word 'simple' with the word 'easy'. When I refer to simple, as I often will, I use it to mean uncomplicated. Having to move a twenty ton pile of dirt fifty feet using a shovel may be simple to comprehend but getting the job done still requires damn hard work. Look at the framework you're about to be exposed to the same way. It's not complex but damn hard work.

After spending 30 years with all sorts of employees, I firmly believe that people aren't afraid of the 'damn hard work' required to move forward. What they're afraid of is what they view as misdirected hard work or hard work without meaning. The framework addresses this and applies to all levels of any organization starting with the corner office.

Background

It's been 30 years since I picked up a broom at the Chicago delicatessen where I took my first job. I spent six years there and it paid for a great four year private college education. Not bad. More than that though, it taught me that cutting corners is nearly impossible when you're the part-time stock boy with twenty eight full-time German-Austrian immigrants as co-workers (especially true when one of them happens to be your mother).

After graduation I began a career in commercial insurance. I landed in a commercial claims department where I had access to thousands of claims (which I now view as micro-case studies) that always involved something going wrong for a customer, a vendor, an employer or even just an innocent bystander. I was able to investigate why things went wrong and determine root causes. Why did this business' product malfunction? Why did the building catch fire? Why is this customer suing the business? Why did this employee get hurt? Why should we settle this case? Why should we go to trial? I estimate that the number of claims I either handled personally or had departmental and/or companywide responsibility for to be in the tens of thousands.

After working in claims I began to spend time in insurance risk management. In the new role I was able to visit with commercial customers prospectively in order to better understand 'the risk' those individual companies posed. I performed onsite visits and got a first-hand feel for whether employees were proud to be working for the company, whether the workplace was neat, the management philosophy and the attitude the owners had toward excellence. In this role something became clear to me almost immediately. That is, there was not one single commercial customer who succeeded at protecting itself from insurable risks that wasn't also extremely hard at work protecting itself from the uninsurable market risks posed by their competition. Indeed much more often than not, the successful management of insurable risks was merely an extension of the overall dedication to protecting assets and remaining competitive over the long-term.

One day the CEO of the insurance company I was working for asked me to leave my position to assume a newly created role of Director of Policyholder Retention. In that role I was charged with finding new ways to retain more customers and grow the business organically. It was a role some organizations now call CCO - Chief Customer Officer. After two years, without having delivered anything of significant value to the organization, I was asked to move back into the operations as a director. This was perfectly understandable from the company's perspective. It turns out that out the CEO was expecting tactical changes to improve retention and growth. I was heading down the strategic path, a much deeper and wider path that would require much greater commitment. Looking back, after two years I was still a rookie.

I spent the next six years and thousands of off-hours of research, discussing, reading and searching for the answer to the following question:

"How do great companies achieve superior customer retention and grow organically at greater velocity than their competitors?"

It took six additional years, but I finally believed that I had cracked the code. My research uncovered the research of others that, once combined, resulted in a framework for success that I'm sharing with you in this paper. It was Isaac Newton that said "If I have seen further, it was only while standing on the shoulders of giants." That's definitely the case here. There is no way a simple guy like me could have performed the research necessary to develop the evidence-based framework you are about to be exposed to.

I took this framework or methodology to market and worked for about two years flying coast to coast trying to get the word out. I was able to sell and execute the methodology with success if one defines success only in business terms. Personally however, I suffered. Being away from my four small children and my wife who watched after them, no matter how well, left me unhappy. I guess there's a balance to everything and business success must be balanced with true personal success. That's why I stopped trying to get the Three Bell Curves word out there by knocking down doors and relying on its success for financial support.

Fortunately, my efforts did not go to waste. Last year I became the sixth president of the Wisconsin Compensation Rating Bureau, a 95 year old organization charged with the responsibility for doing lots of things right. Specifically our role is to ensure proper workers compensation insurance rating for every business in the state of Wisconsin. As in the past, I am once again able to study business trends, work to understand the almost 600 types of work performed by employees and accurately depict on-goings in the marketplace in relation to local, national and world economies.

This paper brings me closure. I'm wrapping together everything I learned about customer retention and profitable growth over the past eight years, combining it with the 22 years of prior business experience and giving the information away at zero cost. It's the least I can do after having been provided with such great opportunities throughout my career.

Culture

If you Google the term 'organizational culture' you'll receive over 110,000,000 responses. No kidding. So if you are struggling with finding your own definition of a great business culture, one you can explain in simple terms to your entire organization, you are not alone. While discussing the needs of one company with its CEO, I asked her to describe the culture she wanted for her company. She replied "I don't know....but I'll know it when I see it". If that comment strikes a chord with you, definitely keep reading.

I can't say that I followed through on reading all 110,000,000 Google leads to find the best definition of organizational culture. In researching as many as I could, however, it became clear that there is no one definition that satisfies everyone perfectly. My advice to you is to become comfortable with the fact that the words 'organizational culture' can't be perfectly defined. As with the words 'love' or 'success', however, just because it can't be easily defined doesn't mean that it doesn't exist.

From my vantage point, the best (again, not perfect) definition for culture as it applies to business organizations is one developed by professors and organizational performance experts Deal and Kennedy. They describe culture very simply as 'the way things get done around here'.

"**Culture** is the way things get done around here."

Deal T.E. and Kennedy, A.A.

A longer explanation or definition wouldn't be simple to remember. For a methodology to work day after day with large numbers of workers, simplicity is key. I hope that after reading this you will agree that part of the beauty of Three Bell Curves as a framework is its simplicity.

Culture is an Emergence

Most of us think about the word '*emergence*' passively. After all everyone knows what an emergence is, right? "And out of the dusty desert emerged a great city", or "the Yankees have emerged to become one of baseball's greatest powerhouses". We hear this word all the time yet few of us think about how an emergence is formed and just how novel each and every emergence is.

Your vision statement is nothing more than a description of how you wish the emergence between your employees, the work they do and the behavior of your customers to play out. The definition of the word *emergence* helps further explain:

"*An emergence is a novel, complex and often immeasurable state resulting from the combination of two or more simple ingredients.*"

In simple terms, an emergence can be explained as those times when 2+2=5.

We witness emergence all the time. The CEO mentioned above who said, "I'll know (a great culture) when I see it", knew such a thing existed. We have seen great cities 'emerge from the dust'. We have seen sports teams 'emerge into powerhouses'. Great customer experiences emerge from great company cultures. We can envision what an emergence will feel or look like.

But if the person at the very top of an organization hopes to build a first class culture, he/she better know details about how an emergence occurs. This is because **culture *is* an emergence**. Knowing what it looks like or feels like isn't enough. The vision on its own doesn't deliver. The simple ingredients must be understood, combined and managed with discipline.

Three Simple Ingredients

If your company's culture is an emergence and an emergence occurs from the way a few simple parts interact then, in the case of your corporate culture, what are those simple parts?

To determine this it is helpful to refer back to Deal and Kennedy's definition of culture: "It's the way we do things around here". Think about your organization for a moment. Who does things? Precisely what things get done? For what purpose do things get done? Once all complexity is stripped from our thinking we end up with just three things, three 'simple parts' if you will, that make up businesses entire existence:

1. **Why** are we doing things around here? Answer: "The Customers"
2. **What** things gets done around here? Answer: "The Work"
3. **Who** does things around here? Answer: "The Employees"

No-brainer, right? Not so fast.

It's the quality and discipline of management of these three parts that influence what kind of culture will emerge. Most organizations I've encountered were able to master one or two of the 'simple parts'. Rare was the company who mastered all three and we can all probably think of companies who don't (didn't) manage *any* of the three parts very well.

Three Bell Curves

As a senior leader you understand that the simple bell curve is nothing more than a visual depiction of the normal distribution of things. Bell curves, or distributions, exist for the behavior of almost anything on earth. In terms of business performance you understand that *most* companies in your industry perform in the 'average' zone. A smaller percentage of companies (outliers) perform 'below average' and another smaller percentage perform 'above average'. Your goal is to be in the smaller percentage of companies that perform 'above average' and the more 'above average', the smaller your group of performance peers, the longer you remain in that group, the better. The ultimate goal is to stand alone at the very right hand side of the bell curve.

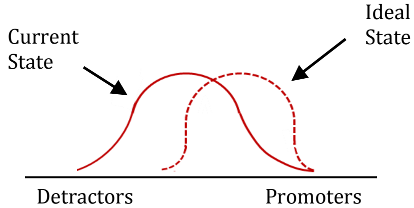
There's a separate bell curve, a distribution of performance, for the employees, the work activities and the customers in your business system. Your corporate culture bell curve is made up of a combination of all **Three Bell Curves.** Managing the Three Bell Curves correctly will vastly improve your chances of success over the long term.

If there's confusion in your company, the root cause of it can be traced back to the way you're managing one or more of the three bell curves. If your results aren't where you want them, the root cause of those results can be traced back to the way you are managing one or more of the three bell curves. If your organization lacks innovation, the root cause of this problem can be traced back to the way you're managing one of more of the three bell curves. The list goes on. You get the picture.

BELL CURVE # 1 **THE CUSTOMER**

"Loyalty is dead, the experts proclaim, and the statistics seem to bear them out. On average, U.S. corporations now lose half their customers in five years, half their employees in four, and half their investors in less than one. We seem to face a future in which the only business relationships will be opportunistic transactions between virtual strangers."

Frederick Reichheld



The least expensive way to grow your company is to get customers to return and naturally recommend you to people they care about. This is called organic growth. Having a culture that results in customers behaving this way is the entire point of managing the THREE BELL CURVES.

Case Study

Early in this paper I mentioned that I was once a claims adjuster. Well, one of the jobs I had as an adjuster was to deal with people whose car's engines froze after the oil plug came off the vehicle because it wasn't properly tightened by the mechanic who worked for the very large conglomerate of auto care centers the company I worked for insured. Needless to say, when people called on me they were quite upset.

Insurance contracts and, in this case, the law required that we make the person who suffered damage whole again. In other words, my job was to get them back to where they were before their engine froze. I learned a lot about engines, repairs, replacements, costs, ordering parts etc. My role after all, was to make that person (and their car) whole again. Or was it?

There were 50 or so adjusters who had the same job I did. All of them handling claims involving cars that weren't working properly after being worked on by a mechanic our company insured. I remember vividly one person who stood out among the rest of us for her ability to resolve claims quickly and accurately. In an award she (Sylvia) received from the company the president mentioned nothing about engines, oil plugs, making people whole, etc. What he did mention was that her customers returned to the shop for work in the future and that they also recommended both the shop and the insurance company to family members and friends.

She was a great adjuster. Take a moment and think about how valuable she was. The average customer at the auto care center spent $1000 a year at the center ($10,000 in 10 years). Say the customer referred 3 relatives and all three became customers. That's an additional $3000 a year (or $30,000 in 10 years) of revenue for the auto care center. In 10 years the auto care center will have seen an additional $40,000 in revenue because of the way Sylvia handled the claim. And let's remember that the claim was a problem caused by the negligence of the auto center. What a return on problem (ROP).

Frederick Reichheld
Director Emeritis
Bain & Company

Customers as Promoters

Fred Reichheld Founded Bain & Company's Loyalty Practice. Mr. Reichheld is a frequent speaker to major business forums and groups of Chief Executive Officer and senior executives worldwide. Mr. Reichheld serves as Director Emeritus of Bain & Company, a Bain fellow. Mr. Reichheld joined Bain in 1977 and was elected to the partnership in 1982. Mr. Reichheld's pioneering work in the area of customer, employee, and investor retention has quantified the linkage between value, loyalty and profits. His work has been widely covered in The Wall Street Journal, New York Times, Fortune, Business Week and The Economist. According to The New York Times," He put loyalty economics on the map."

The Customer Bell Curve

The customers on the far left side of the bell curve are those who dislike you enough to tell others about how and why they feel the way they do. Reichheld calls them 'detractors'. The customers to the far *right* of the bell curve are the customers who LOVE you enough to tell others about how and why they feel the way they do. Reichheld refers to this group as 'promoters'. Customers who are neither promoters nor detractors Reichheld refers to as 'passives'.

As with both the 'employee' and 'work' bell curves, the goal with the 'customer' bell curve is to move it to the right…to increase promoters and decrease detractors. Sylvia the claims adjuster in the case study on the prior page created promoters. You want lots of Sylvia's. You want lots of customers who are promoters.

Under the assumption that you already understand the power of strong customer retention and growth that comes through referrals, I will now move on with explaining a powerful measurement developed by Mr. Reichheld and his team at Bain. The measurement, when used correctly, will help steer your organization – your <u>entire</u> organization, employees *and* the work they perform – in the right direction.

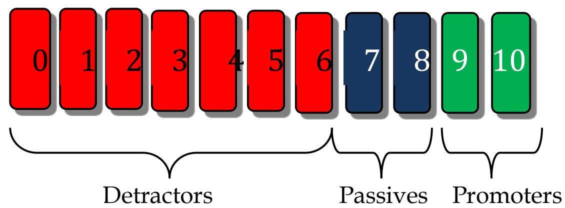
Net Promoter Score ®

Reichheld and his research team were determined to find out why some companies were so successful while others weren't. In side by side comparisons they found that customer advocacy was very strong among the successful companies, while at the mediocre or poor performing companies, customer advocacy was weak. This all makes perfect sense. What didn't (make sense) was that there was no calculation, no indicator, that could help a company understand where it stands and how to move the needle (bell curve) to the right.

By asking just one question, the team found, a company could literally develop a benchmark and use it to improve results in the future. The one questions is: "On a scale of 0 through 10, how likely are you to recommend (company XYZ) to a family member, friend or colleague?" Having listened to answers to that question many times, researchers began to notice that customers who responded with a 9 or a 10 had actually promoted the organization or were going to in the future. Those who answered with a 7 or 8 were passive, or indifferent, being neither excited nor disappointed by the experience. Customers who scored between 0 and 6, the team found, was actually the group of customers who most likely damaged the reputation of the company by speaking about the experience in a negative light.

So how does one calculate its Net Promoter Score?

Calculating Your Net Promoter Score ®



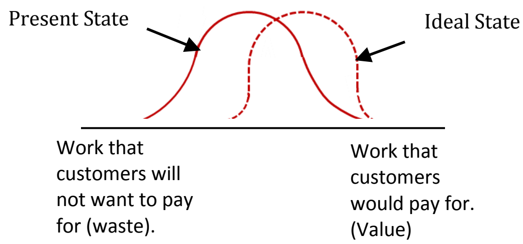
A company's Net Promoter Score is calculated by subtracting the percentage of detractors from the percentage of promoters: **PROMOTERS** – **DETRACTORS** = **NPS.** Yes, it's that simple. Recall that the very first section of this paper dealt with the importance of simplicity in getting organizations to succeed. NPS is a sign for everyone from the ground up to the corner office to see and work to improve. It's the customer's voice. It's your company's true north. Measure it. Improve it.

The Net Promoter Score ® is richly described and discussed in Frederick Reichhelds's book "The Ultimate Question".

BELL CURVE # 2 **THE WORK**

"There is nothing so useless is doing efficiently that which need not be done at all".

Peter Drucker



Each and every activity, piece of material, even every thought involved in producing your product costs customers money and fits into one of the following three categories:

Category 1: Things (work material, etc.) that are not necessary and that customers don't want to pay for (waste). These items reside on the left side of the bell curve.
Category 2: Things that are required but customers don't want to pay for (usually required by a law or regulation). These items, usually a large group, reside toward the middle of the bell curve.
Category 3: Things that customers want to pay for or be willing to pay more for (things they value). These items reside on the right side of the bell-curve.

The goal of any business is to remove waste and create value. And while Peter Drucker's quote above is true, as an experienced business leader, you understand that while sometimes unnecessary things are done efficiently, in the worst case scenario, unnecessary things are performed inefficiently. Ouch.

The idea, as illustrated above, is to push the bell-curve to the right, where there's more value, less waste.

A Case Study

Jackie is a smart, hard-working employee at a company I worked with in an effort to expose them to improvement principles. I walked by Jackie's desk and asked her what she was working on. She replied 'this is a weekly report I was asked to put together for upper management'. I asked Jackie **why** they needed the report. She wasn't sure but she thought it had something to do with customer demographics for a promotion the company was planning. She had been putting these reports together for 2 months (8 weeks).

Since Jackie wasn't exactly sure what the reports were being used for I asked her supervisor **why** the report was being constructed. He wasn't exactly sure how the information would be used either. I asked to speak with his manager. Once again, the manager wasn't exactly sure **why** the report was being constructed. She did know that it was at the request of a vice president. After assuring the manager that it was important for me to speak with the vice president who ordered the report. The vice president traveled quite a bit and was not accessible in person but for perhaps one week per month. I tracked the vice president down, explained who I was and what I was hired by the company to do and then asked him why he requested the report that was being issues weekly over the past two months. His answer didn't surprise me.

The vice president told me the project the report was developed for was killed three weeks after it began. Not surprisingly, the order to *begin* the work was not followed by an order to *stop* the work. There were other priorities, 'customers waiting', and they needed to take priority. What the executive didn't understand was that his negligence, especially if it happens often, has a profound impact on customers. The customers he cares so much about actually get hurt when he focuses on them instead of his employees. The employee was spending time generating reports that had no value. The customers were paying for it. In addition, she could have been providing value doing something else. A double whammy against the customer. Depending on the size of your organization, similar waste, doing things that aren't necessary and that customers would not be willing to pay for, could be happening in hundreds or even thousands of places throughout your business.

Why, Why, Why, Why, Why

Maybe you noticed that the way I followed the report problem was by asking 'why?' until the root cause was unveiled. Now, many reports *are* necessary, so it wouldn't make much sense to take each and every instance of work and ask 'why?'….or would it? Cultures at great companies introduce the 5-why's into their DNA. At these companies, each employee at all levels, are taught to ask 'why?' and if the customer isn't somewhere in the answer, they seek to eliminate it. This helps cut waste before it occurs. It *prevents* it.

Also, it is important to know that there may be more than one root cause for a problem to exist. Your 'why's' may split into different directions. Keep following them. Like a finicky dandelion, you need to uproot them all for the problem to stay away for good.

Problems are good.

C.S. Lewis, in 'God on the Dock' wrote:

> ***"Put first things first and we get second things thrown in: put second things first and we lose*** **both** ***first and second things".***

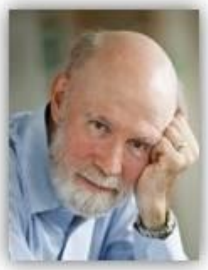
In business, this means put your problems first, or else. Chasing a sales goal with a substandard product or service will eventually lead to your demise (losing both first and second things). Great companies love problems. They look for them enthusiastically and then work to fix them. Their culture is such that finger pointing isn't part of the problem seeking and solution process. It is also such that the respect for people is so great that no matter how expansive the problem is, once resolved, jobs will not be lost. On the contrary, the goal is for those wasteful positions get moved to valuable ones. Smart.

These great companies work hard at solving internal problems knowing that they impact the customer experience (and remember, price is part of the customer experience). Once an organization becomes, let's call it 'lean', the same problem solving mindset is turned directly toward the customer and leads to innovation, creating more value than the competition, which leads to success. But remember slow down, <u>first things first</u>.

Problem Solving Discipline

Imagine what it would be like if every person in your organization spoke a different language. Well, they probably do. Problem solving is learned throughout one's life and is derived from many, many different factors. The way we were raised, the sports teams we were on, the games we played as children, even the way our personal DNA determines how we personally handle social situations all impact the way we solve problems. We each have our own problem solving language. Now that's a problem.

Enter 'lean', one of the most misunderstood, misused and adulterated words used in business.



James P. Womack
Lean Enterprise Insutitute

Management expert James P. Womack, Ph.D., is the founder and senior advisor to the Lean Enterprise Institute, Inc., a nonprofit training, publishing, conference, and management research company chartered in August 1997 to advance a set of ideas known as lean production and lean thinking, based initially on Toyota's business system and now being extended to an entire lean management system.

Until I was introduced to Womack's work I thought that lean was more about belt tightening and knife sharpening, probably more of the later. I couldn't have been more wrong.

Visit Lean.org for the cleanest, most original and accurate information about lean, what it is and how it works. In this paper I will stress what I have found to be the most important points taught by Womack and the crew at Lean.org.

Point #1 Respect for People
When executives hear the word lean in a business context, it is often their very first inclination to think of it in terms of doing more with less and cutting workforce and therefore expenses. They're partially right. Lean *is* about doing more with less…..but not with less people. It's about having people do less wasteful things and the same amount or even more people doing valuable things. To think about lean as a mechanism for cutting expenses is wrong. It's a mechanism for cutting waste and offering people opportunities to do more valuable work.

People are where ideas come from. People know customers. How will you ever hope to get good ideas about cutting waste if the people coming up with the ideas know they may lose their jobs because of it? Right now there are people in your organization who have the answers but won't speak up for fear of being right. And because you don't have a game plan in place for doing something valuable with the people with the ideas, you'll never hear from them. Lesson: Have a game plan for something valuable displaced workers can do.

Point #2 Silos are Okay
In my 25 years in business the focus, it seems, has always been on 'flattening the business' or 'removing silos'. Well, it turns out silos aren't the problem. Each silo is a system that performs a necessary set of tasks. For a customer to be truly satisfied, both the work performed and the way it passes through those silos needs to be flawless. Some call the process 'flow'. What's the flow in your organization? The goal of lean is to create perfect flow so that the end customer, the real consumer, gets what they want, when they want it, and at a level of quality they expect or better.

Point #3 Superior People or Superior Processes?
In 1999 Fujio Cho, president of the Toyota Motor Corporation, sent this message to the company's competitors: 'We get brilliant results from average people managing brilliant processes, while our competitors get average or worse results from brilliant people managing broken processes.'

When I think back upon my career and the 'best workers', the ones who come to mind were the ones who were capable determining what was important and what was not and making sue the important things were done in as short an amount of time as possible. Why didn't I remove the unimportant things altogether? Because I would have lost my job. (See point #1 above).

Point #4 Problems are Good
Lean organizations understand that problems lead to two things: 1. An opportunity to provide more value to customers, and 2. learning. "Putting out fires' may indeed exist in lean organizations. But that's not where things end. It's where things begin. The organization sees the problem as an opportunity for better flow, learning, and future growth.

It pains me to think about how many fire's I've put out in my career without addressing root cause. So many opportunities for improvement down the drain.

Point #5 Think Holistically
One of the reasons people don't speak up or try to address problems is because, culturally, the entire organization isn't primed to do so. Problem solving takes time with dividends paid down the road. To follow a problem to its root cause(s) and deal with them could throw a system where identical parallel subsystems out of whack. Organizations that are culturally primed for lean develop countermeasures for enabling a problem to be solved and then to have the remedy formally instituted in all of the other subsystems.

We mentioned silos before. Hard walled silos are another reason problems don't get resolved. Organizations culturally primed for lean understand that problems often flow horizontally through a number, sometimes ALL company silos and they arrange for communication that lets solo owners know what's happening within their set of responsibilities without holding up the problem solving process more than it needs to.

Most of you can recall projects of past that have died on the vine. I certainly do. Too often it was because one or more of the silos wasn't interested in solving the problem because it wasn't 'their' problem. What they didn't understand is that every problem begins and ends with the customer.

Point #6 Management visiting the "Gemba"
Gemba is Japanese for 'workplace'. In a service context it's difficult for a manager to see what's actually happening in the gemba. Or is it? It really isn't. If management only knows the result of what happens in the gemba, not what's actually happening in the gemba, why would we need managers? It doesn't take a highly paid person to say 'there's a problem, go fix it." One could almost automate that.

Perfecting the gemba is a manager's job. After it has been perfected, innovation becomes the manager's job. Innovation results in speed and quality that surprises end customers and causes them to recommend the company to others. More on that in the next section on 'The Customer'.

Point # 7 Customer Decides Value
In the book Lean Thinking, Womack discusses processes of provision and consumption. Where the two meet and often overlap for quite some time, is called the customer experience. Your processes, your people, your work, are inextricably tied to the customer experience. And yes, price is a part (be it an important one) of the customer experience.

Revisiting the 'Work' bell curve recall that there are three types of work: 1: Waste (things customers don't need and don't want to pay for, 2: Necessary (things that are necessary –usually for legal reasons – that customers don't want to pay for but must), 3: Valuable (things that customers want and are willing to pay for). To improve the curve takes knowledge, time and commitment. It leads to long term profitability through retention and organic growth. More and more companies outside of manufacturing are finding lean methodologies to be extremely beneficial. It will be those organizations with a proper execution of lean with the right employees and the right customers that will win in the long run.

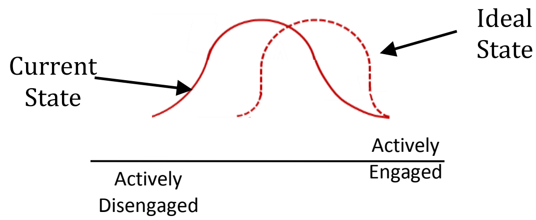
Now let's move on to The Employee Bell Curve.

BELL CURVE # 3 **THE EMPLOYEE**

Businesses exist to solve problems

Gallup reports that 74% employees categorized as 'actively engaged' strongly agreed that they shared new ideas with customers. Of the employees who were categorized as 'not engaged', 31% strongly agreed that they shared ideas with customers. The 'actively disengaged'? 13%. If you exist to solve problems for customers, which category of worker makes most sense for you to employ?

'Attracting and retaining an engaged workforce' is the mantra of every human resources department. But it's flawed. It assumes that the employee has more control over whether or not he is engaged than he really does. Truth is, employers have much more control over the degree of workforce engagement than they often know or care to admit. This gap should be filled with an evidence-based solution like the one we found and describe below.



Shifting the employee bell curve to the right

Recall our discussion about 'emergence'. To restate: "*An emergence is a novel, complex and often immeasurable state resulting from the combination of two or more simple ingredients.*" Employee engagement, like culture, is an emergence. It turns out that the degree of engagement an employee has is most powerfully impacted by the combination of just three simple ingredients: camaraderie, equity and a sense of achievement. Can an employer impact all three. You bet it can.

The focus is simple, as in 'not complex', but repositioning your organization for a focus on improving in these three areas can mean hard work. The employee bell curve has a profound impact on the second bell curve (the work) and the third bell curve (the customer) and vice versa. All three are inextricable from one another. Remembering that the three bell curves *together* determine how the organization's culture emerges helps us understand the importance of employee engagement efforts.

Creating 'evidence-based' change in employee engagement

David Sirota PhD
Sirota Survey Intelligence

David Sirota has been engaged in behavioral research and its applications in organizations for over 40 years. Since founding Sirota Consulting in 1972, he has established a national reputation for improving the performance of individual executives and managers, major groups within an organization (such as senior management teams and key functions), and total organizations (through culture and policy change). Dr. Sirota's approach starts not with solutions, but rather with problem definition through systematic diagnosis using in-depth interviews or survey questionnaires. He reports the data and then works closely with management to develop solutions to reinforce the strengths and deal with the issues that the data have uncovered. Dr. Sirota has taught at Cornell, Yale, MIT, and the Wharton School and is the lead author of The Enthusiastic Employee: How Companies Profit by Giving Workers What they Want (Wharton School Publishing).

Sirota's Findings

			% Engaged
Equity	Achievement	Camaraderie	45%
Equity	Achievement	Camaraderie	23%
Equity	Achievement	Camaraderie	22%
Equity	Achievement	Camaraderie	13%
Equity	Achievement	Camaraderie	11%
Equity	Achievement	Camaraderie	5%
Equity	Achievement	Camaraderie	5%
Equity	Achievement	Camaraderie	2%

Note: Equitable treatment is the base element driving engagement. Without it, under the best circumstances, engagement is 346% lower.

Sirota's research shows that employee engagement is highest when all three: a high sense of *camaraderie*, *equity* and *achievement,* are present. Notice that the percentages do not simply add up. They compound. They multiply. When they exist, something greater than the sum of all three simple parts *emerges*. Sound familiar?

My principle reasons for recommending SIrota's work are two-fold. First, the research is exhaustive. Second, the findings are simple and memorable. For details about their research and findings, check out "The Enthusiastic Employee", 2005 Wharton School Publishing, which was written by David Sirota (Chairman Emeritus at Sirota), Louis Mischkind and Michael Meltzer (Sirota's CEO). I highly recommend it for senior executives looking for answers to questions about employee engagement.

	What it isn't….	What it is….
Camaraderie	*Pizza Parties and Casual Days*	*Group members supporting and relying on one another during times of stress. Celebrations, relationships emerge from working toward common goal.*
Equity	*Equal Pay*	*Real and perceived fairness in the way people are treated individually, in teams, interdepartmentally and between your company and others.*
Achievement	*Certificates, Awards*	*Management truly recognizes individual employee communicates the sentiment with written or spoken words.*

One good way to explain camaraderie, equity and achievement to managers in a memorable way is by pointing out that ***camaraderie*** is the way employees feel about coming to work… it's about the way they feel about the people they about to spend a full half of their waking hours with. You can tell them that e**quity** is about the way they're treated by while they're at work and that **achievement** is the way they think about work during their commute back home. Good leaders know that they have control over all three of these key factors.

Miscellaneous (but still important)

Sirota's work was a great find. Using this knowledge as a guide, much can be accomplished toward moving the employee bell curve to the right.

There are two other observations I have made that I would like to communicate to you. Employee engagement bell curve moving work will be made easier with an understanding of the importance of these two observations.

Observation #1

There is no such thing as employee work-life balance. There is only life balance. Work is a part of life and not a separate entity. What happens in a person's personal life impacts his work life and vice versa. Putting 'work' on one end of a scale and 'life' on the other end sends a terrible message to employees. Work-life and personal-life should dance, not fight. Great leaders understand that helping employees engage at work will impact their personal lives in a positive way. While there's less a leader can do to help employees ensure personal life success, knowing how to create avenues for listening, understanding, encouraging personal life success is just plain smart leadership.

Observation #2

Wellness *really m*atters. Anxiety and depression directly affects a full 25% of the workforce. That 25% works with the other 75% of the workforce, creating conditions that fall short of optimal. Think about the people on the left side of your employee bell curve. As a whole, do they seem well? Now think about the employees on the right side of your bell curve, the ones who are super engaged…do they seem well? Your business system depends on employee well-being.

The good news is that mental well-being can be managed and minds, indeed brains, can be reshaped. Nutrition, exercise and rest, it turns out, has a HUGE impact on brain function. Physical fitness isn't what you're after…. it's brain fitness. Physical fitness, however, has a profound impact on how the brain works so it makes sense to make it part of your companies focus.

Employers who deploy wellness programs to help control healthcare expenses alone don't get it. They don't understand that the cost of healthcare insurance is just the tip of the iceberg when it comes to the overall cost of a sick employee. Look to the resources section at the end of this paper to learn more.

Conclusion

Moving any one of the three bell curves to the right isn't easy. It takes effort, a willingness to learn and lots of leadership. What's important to understand, however, is that the three bell curves do not operate independently. An improvement in one usually leads to unintended improvement in one or both of the other two areas. Greatness begins to ***emerge***.

It is also important to realize that larger scale improvements should be expected to occur early with smaller improvements rippling after that. Once the improvements become very small, your employees will turn their knowledge and mindset toward innovation – fixing problems customers didn't know they had. It takes time to get to that point, but the time and effort are both well worth it.

Here's a challenge for you. At your next meeting, take moment and think about what's being discussed. Employees, work, customers or a combination? Then think about the result of the meeting. There's a good chance that the result will be more work. Knowing that the customer is paying for that work, ask yourself (and maybe even other attendees) "Is what we're about to do something a good customer would be willing to pay for pay for? If the answer is no, drop the item and get back to valuable work. If the answer is 'yes', think about something the company can STOP doing (something that isn't necessary and that the customer doesn't want to pay for – waste) to help pay for the work you're about to do. Great companies don't get that way by continually layering on new work.

I am glad that I was able to piece the time together to write this paper. It's taken me three years.

Sharing my findings and perspective with you is important to me because it pertains to the long-term success in business. That kind of success means prosperity to local communities and, indeed, the nation as a whole. If we've learned anything over the past five years (since 2008) it should have something to do with the cost of trading short-term success for long-term prosperity.

Good luck with moving your company's Three Bell Curves!

Bernard Rosauer
Thought Leader
Public Speaker

About the Author

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