



The Emotional Economy at Work

***White Paper Series: Paper 400: Selecting & Working
with Emotional Engagement Performance Metrics***

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This paper is dedicated to my highly rational but emotionally engaged colleague and friend Russ Wylie

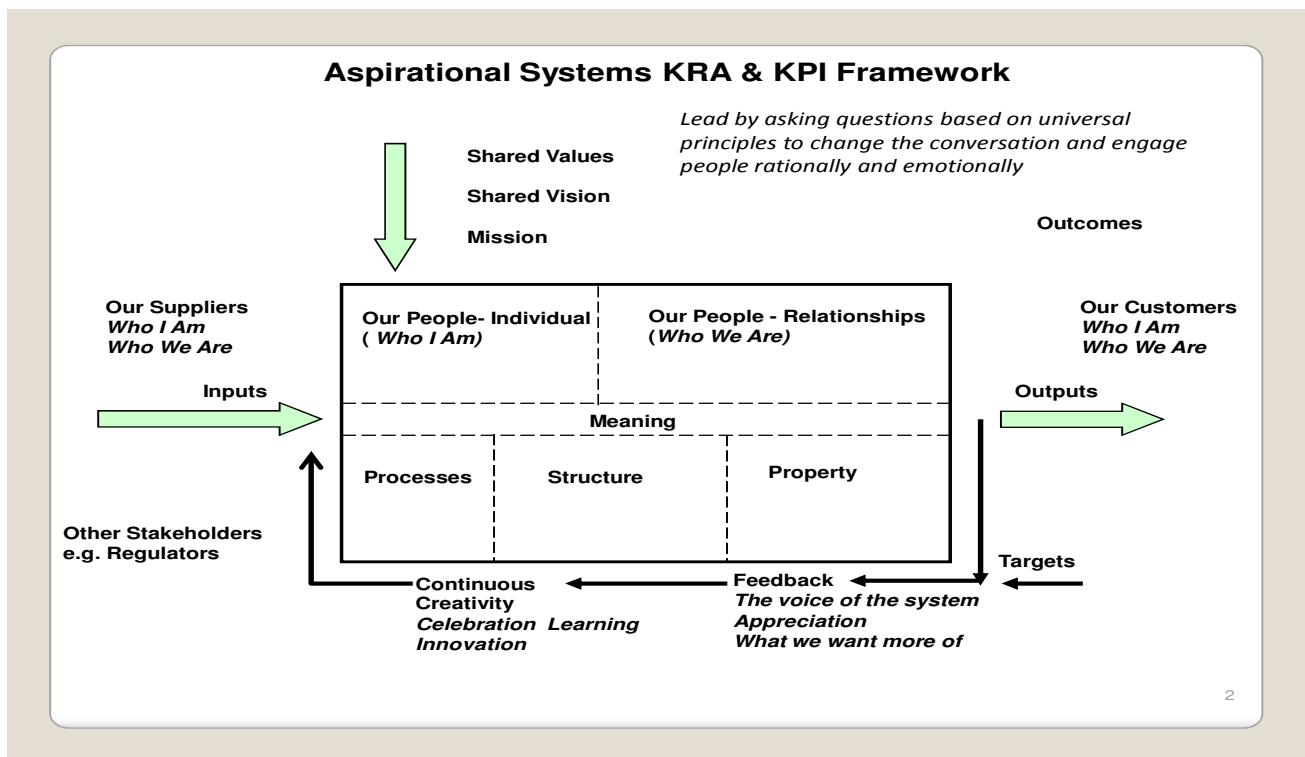
Contents

Engaging Your Customers & Employees - Key Result Areas (KRA's) for Business	3
Engaging Your Customers & Employees – Key Performance Indicators (KPI's) for Business	4
Customer Engagement – KPI Hierarchy - Definitions & Descriptors	5
Employee Engagement – KPI Hierarchy - Definitions & Descriptors	8
Why We Need Both Company Wide Engagement Surveys <i>and</i> Every Individual Story	11

Engaging Your Customers & Employees - Key Result Areas (KRA's) for Business

Key Result Areas (KRA's) are major (strategic) areas in the business where the results are critical for the business to be considered a success. Results such as increased profits and revenue, ROI, lower costs, higher service quality, greater efficiency, increased productivity, growth, compliance, enhanced reputation, increased customer loyalty and new and faster product and service innovation.

These “success” areas are the traditional strategic or high priority areas for the business to focus its energy, money, time and resources to develop, innovate, measure performance and improve.



Many organisations use generic KRA frameworks such as **Balanced Scorecard** (*financial, customer, processes, people*) or **McKinsey 7S** (*strategy, structure, systems, style, skills, staff, shared values*), there are many variants. Other enterprises build their own frameworks.

Traditionally, most of these frameworks bias heavily towards the *rational* conversation in business and ignore the emotional conversation because, at the time they were developed, no one knew about the importance of the emotional economy as a critical factor in successful companies.

Secondly, because of this rational bias, what have traditionally, almost exclusively at times, been measured in business are the hard quantifiable facts; facts around finances, quality, customer buying

behaviour, compliance, processes, market position etc. Managers have been taught that “if you can’t measure it, you can’t manage it”.

Mark Schenk from *anecdote® Putting Stories to Work™* said this

“I recently heard a presentation that mentioned the truism ‘if you can’t measure it you can’t manage it’. It reminded me of how uncomfortable I have always been with this statement and the way it gets touted like a mantra in some organisations. If we view the functions of management as ‘plan, organise, lead, control, direct’, then both ‘measuring and managing’ appear to be more appropriate in an ordered world where cause and effect are knowable. For complex situations, where cause and effect cannot be predicted with accuracy, the concepts of measure and manage aren’t sufficient to be successful. Measure and manage also don’t make any allowance for emergence and tend to overlook any unintended consequences. Fortunately I think many more people recite this truism than really believe it.

I prefer to view the function of management as ‘creating the conditions that enable people to be successful’. I also much prefer the concept expressed by Albert Einstein: “Not everything that counts can be counted, and not everything that can be counted counts”.

http://www.anecdote.com.au/archives/2006/09/if_you_cant_me.html

At the *Emotional Economy at Work*, we deploy the **Aspirational Excellence Framework** as our default KRA business (excellence) framework because it is designed to change the business conversation in order to engage people *rationaly* through hard, quantifiable data **and** *emotionally* through *stories*. Our emerging experience suggests that latter is the bigger idea for engaging your people and customers.

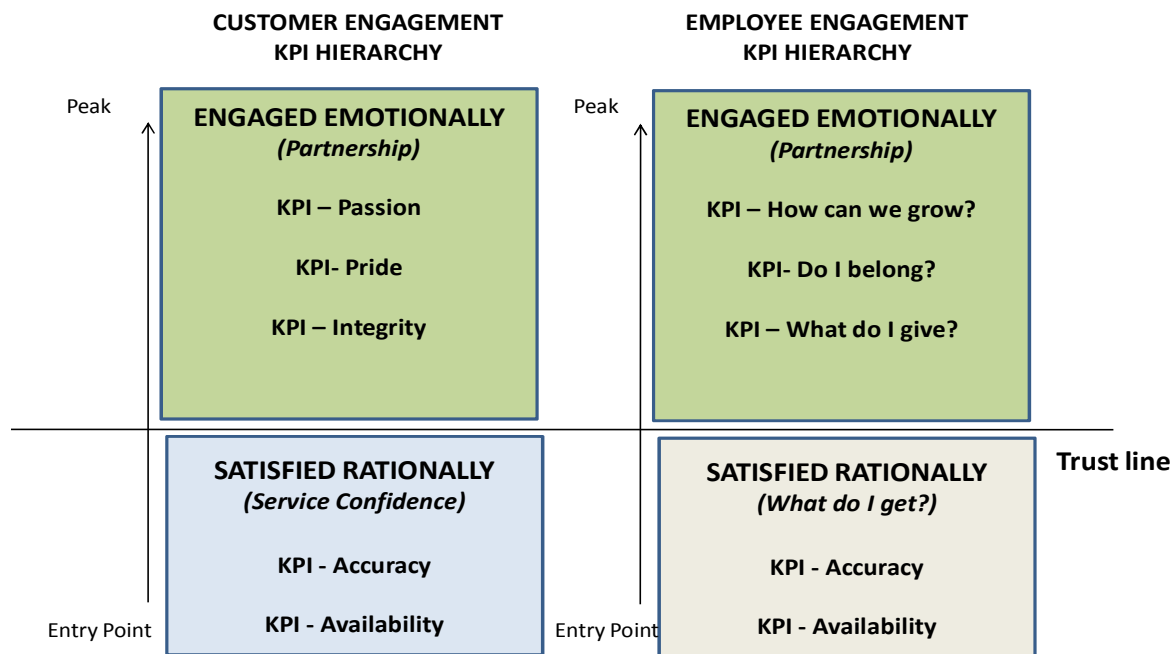
Engaging Your Customers & Employees – Key Performance Indicators (KPI’s) for Business

Key Performance Indicators (KPI’s) are the specific measures by which a business will track its performance against its strategic or key business goals as represented in the KRA’s. The business gathers information to report on these measures. KPI’s can be set for individuals, for teams and the whole business.

Traditionally KPI’s are quantifiable, “tangible” and measurable mathematically. You can keep score on a spreadsheet or in the business scoreboards and dashboards. They relate to “rational” measure such as money, time, service performance, customer retention and buying rates, growth, take up of new services and products etc.

What KPI’s should I use for engaging my employees and customers emotionally?

We would suggest that you focus on developing engagement KPI measures for the three “people” KRA’s in the Aspirational Excellence model, *Our People*, *Our Customers* and *Our Suppliers*. The other elements in your business systems are supportive.



Adapted from Gallup Group's Engagement Hierarchies

7

At the *Emotional Economy at Work* we have selected the default “Gallup” KPI engagement hierarchy to discuss here as it is applicable across all industry sectors and backed up by a worldwide research base. However, there are other models emerging, such as the work being done by *Insync Surveys* to shape and deploy survey instruments which benchmark how businesses are aligned to engage their employees and customers emotionally- notably their *Organisation Alignment Survey*.

“Alignment ensures employees can connect their day-to-day performance with the success of their organisation.

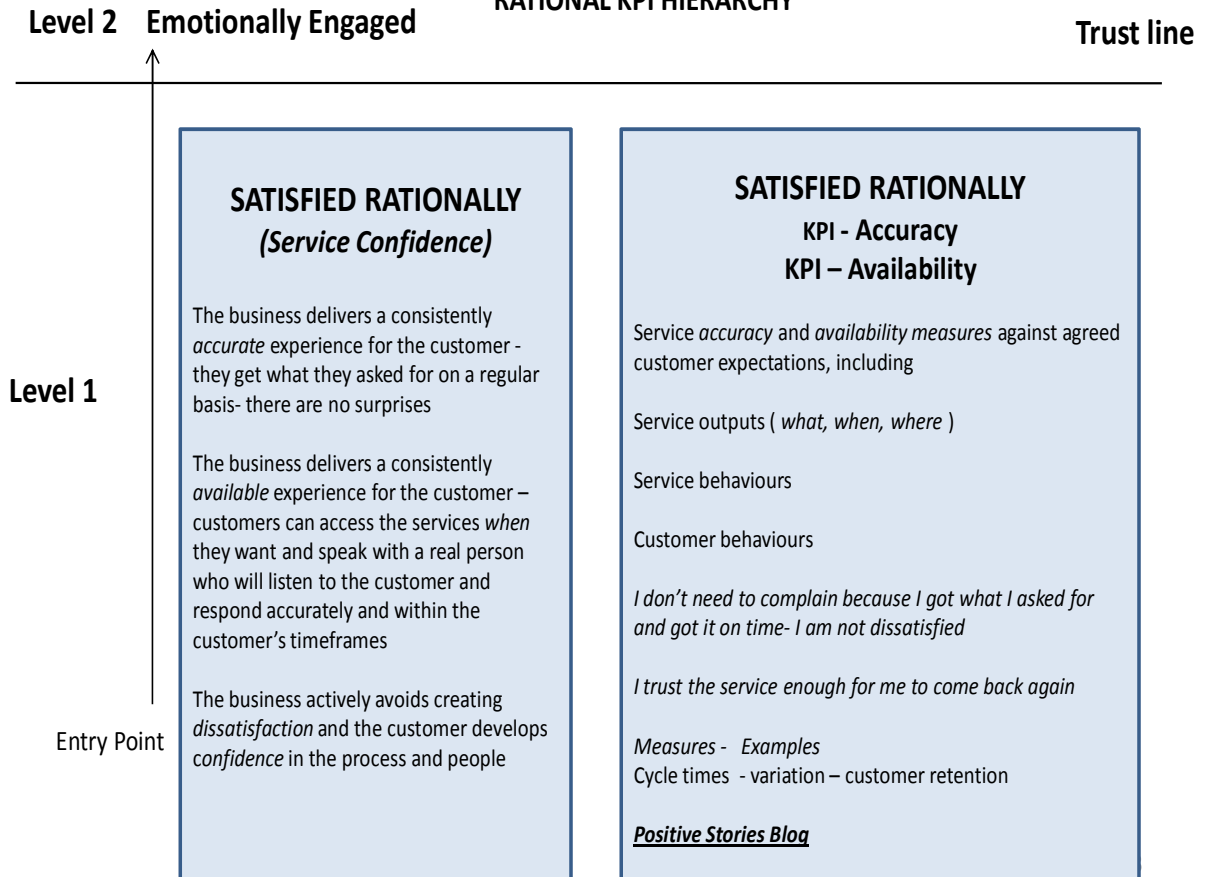
Alignment begins with employees clearly understanding their organisation’s aspirations:”

<http://www.insyncsurveys.com.au/Products/?product=OA>

Customer Engagement – KPI Hierarchy - Definitions & Descriptors

In the *Gallup Engagement Hierarchies*, KPI’s are hierarchical. Achieving the highest level of engagement, which is emotional, is dependent on first level being in place, which is rational.

**Table 1 - CUSTOMER ENGAGEMENT
RATIONAL KPI HIERARCHY**



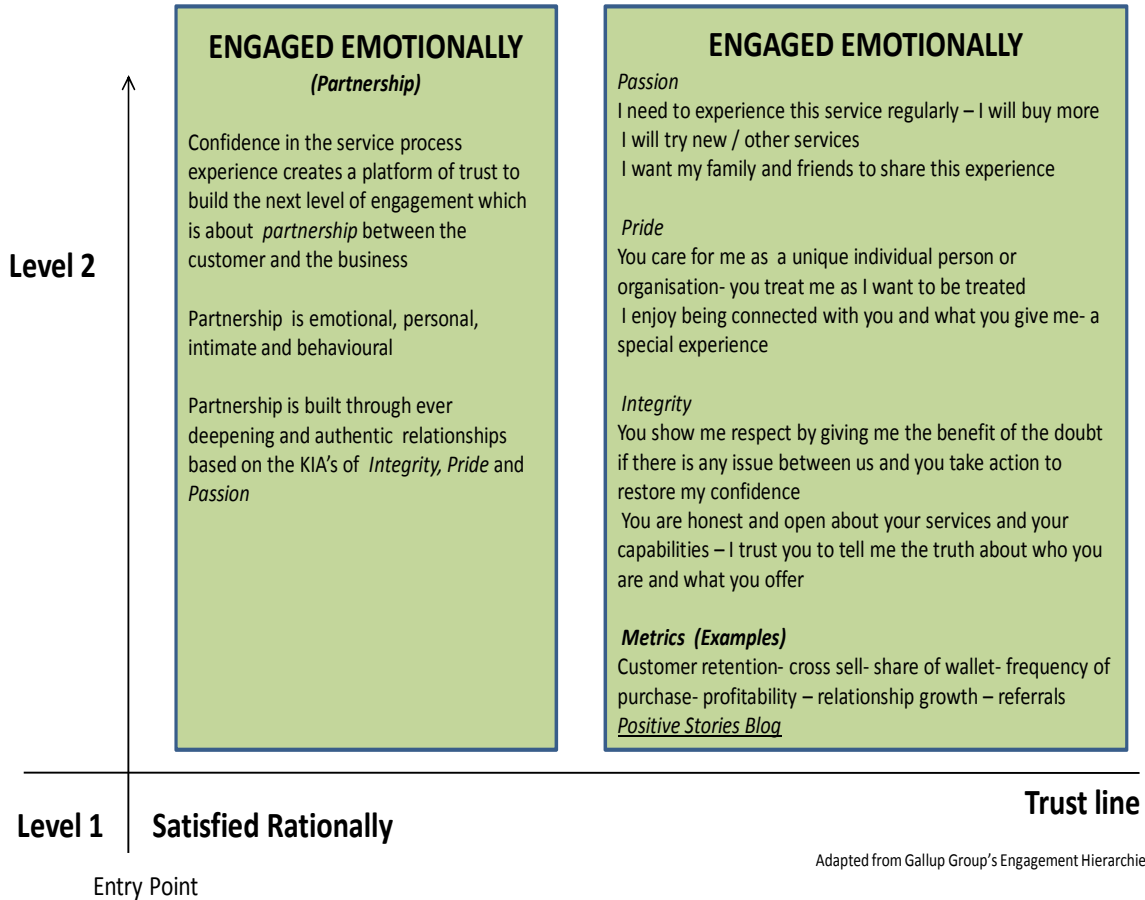
Adapted from Gallup Group's Engagement Hierarchies

The metrics for rational engagement are primarily quantitative. They can be measured through capturing numerical data on the performance of the organisation’s processes and quality goals.

However, capturing qualitative stories from customers around peak experiences with your company and what they rate as important is critical to establishing what to measure in the first place. It is also important to put in place a mechanism for gathering the ongoing positive stories from customers as a means of getting feedback, learning and continuous innovation on how to sustain or improve the level of customer confidence in their experiences with your company’s services.

In Tables 1 to 4, in the right hand columns of each table, we have we included some typical descriptors of what the Gallup terms like Confidence, Pride, Passion, What I Give, Do I Belong actually mean for the people who have been engaged in Appreciative Inquiry conversations. This is purely illustrative – in our experience every company has its own specific stories to tell but in our view the Gallup hierarchy has proved to be “accurate” in terms of the key areas in which to engage stakeholders.

**Table 2 CUSTOMER ENGAGEMENT
EMOTIONAL KPI HIERARCHY**



The metrics for customer emotional engagement are primarily *positive stories*. Emotional engagement is measured through stories or narratives of the positive experiences that customers receive or want to see more of in their connections with your company as partners- stories around *integrity, passion* and *pride*, following the Gallup model.

The Gallup research has been a breakthrough for understanding how to model the hierarchy of engagement in companies for customers and employees (see next sections in this paper). At the Emotional Economy at Work, the Gallup hierarchies have helped us to focus the topics for Appreciative Inquiry engagement conversations with specific groups of employees and / or customers.

For example with employees-

Tell me about a time that you were able to *give* the most to someone in your work – can you give me a story?

Tell me about a time when you felt you most *belonged* in your work – can you give me a story?

Tell me about a time when you and your colleagues *grew* together as a company- can you give me a story?

Or with customers

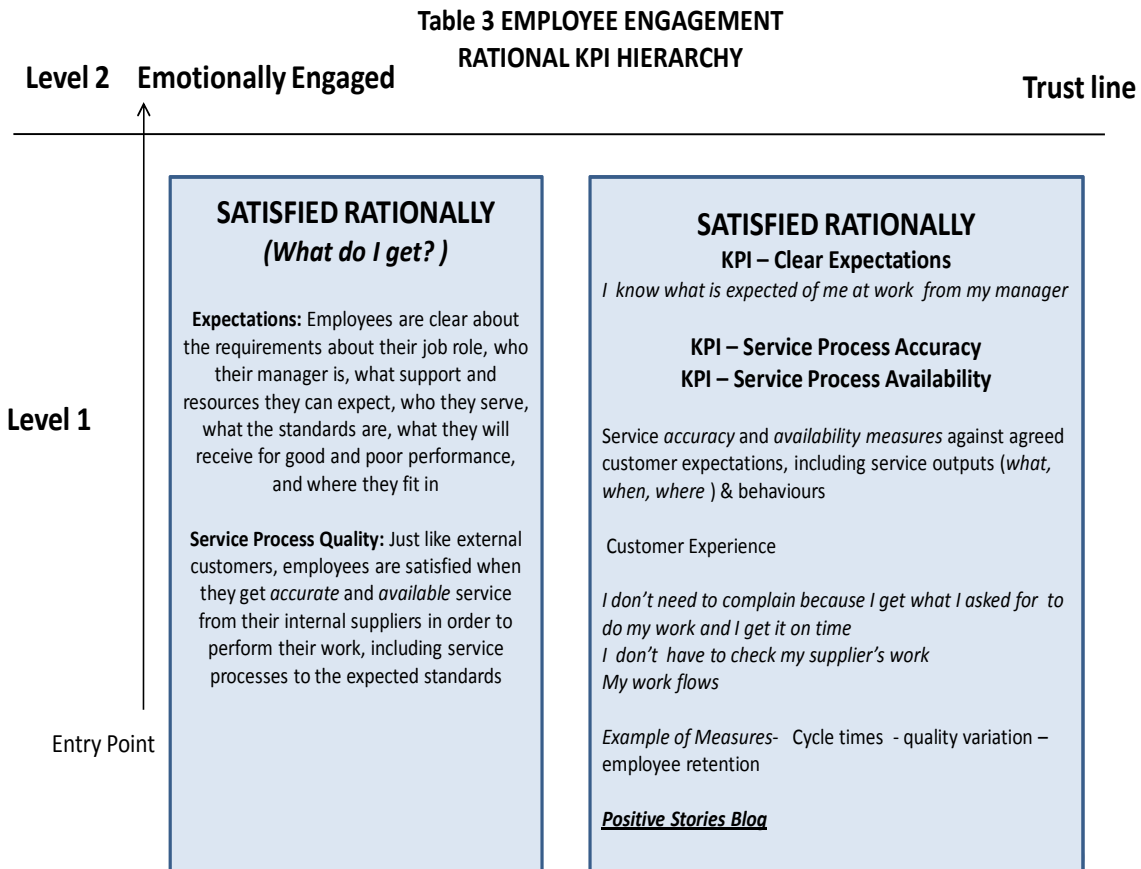
Tell me about a time when you felt the most *confidence* in this service- can you give me a story?

Tell me about a time when you experienced high *integrity* in this service- can you give me a story?

Tell me about a time when you were most *passionate* about this service- can you give me a story?

Tell me about a time when you had most pride in being associated with this service or company?

Employee Engagement – KPI Hierarchy - Definitions & Descriptors



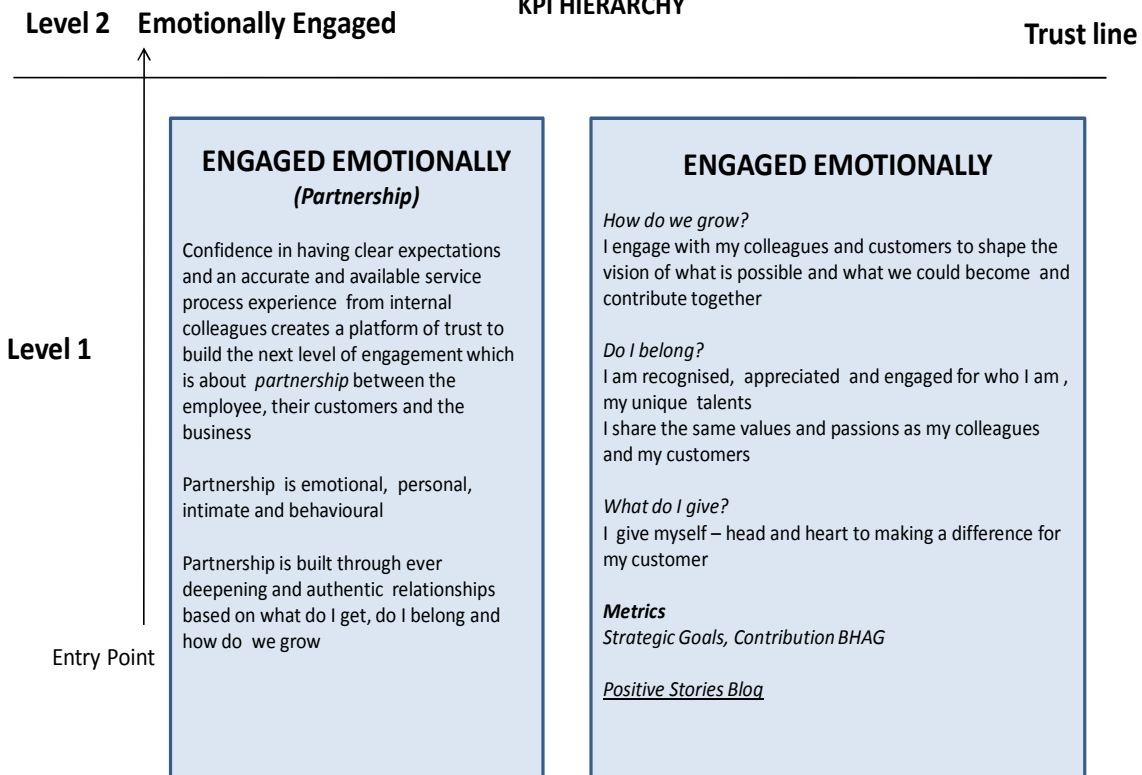
Adapted from Gallup Group's Engagement Hierarchies

The same rationale in selecting KPI's for engaging customers applies equally to employees. Rational engagement for employees involves measuring two key areas- clarity around job expectations and the extent to which the employee is able to see their work flow smoothly and effortlessly from start to finish without stopping, waiting, chasing or checking.

Engagement research clearly shows that a critical factor in the rational engagement of employees is their relationship with their immediate or one up manager. Excellence in employee performance and productivity starts with the manager, not the employee; with the extent to which the manager clearly and holistically sets out the expectations framework for the employee and gets their buy in to these expectations in the first place.

But the engagement research shows another critical element which is reinforced by the 600 Appreciative Inquiry conversations we have facilitated at the *Emotional Economy at Work*. Employees want to do their jobs right the first time because quality is very important to them. They take pride in what they do and in service organisations this means making a real difference to their customers. Almost without exception, employees, especially on the ground floor, perform work as part of a service process which involves serving each other as internal customers and suppliers. Employees depend on

**Table 4 EMPLOYEE ENGAGEMENT
KPI HIERARCHY**



Adapted from Gallup Group's Engagement Hierarchies

getting the right information, materials or equipment from others in order to perform their part of the process, *so that their work flows*. As well as clear expectations from their manager, employees want accurate and available service from their internal (and external) suppliers, no less than external customers want this from their experience with the organisation. This is a basic human need. Aspirationally Excellent companies treat their customers as if they were their employees and they treat their employees as if they were their customers.

The metrics for employee emotional engagement are primarily positive stories, the same as for customers. Emotional engagement is measured through qualitative descriptors of the positive experiences that customers receives or wants to see more of in their connections with your company as partners.

Positive stories from both customers and employees are captured through regular appreciative inquiry summits involving the company members and customers and / or through company and customer blogs. At the highest level of engagement, these summits and blogs are used to build partnership, innovate, shape a shared future, learn and grow. In the *Emotional Economy*, positive stories are used to engage the whole system of living relationship in a shared and ongoing conversation about what is really important to people, vision, values and making a difference.

Rational measures are morphed from these conversations, not the other way around. Rational measures are secondary but still important. We say secondary deliberately because it is important to look at the emotional engagement factors with an emotional lens, not a rational business lens. In the industrial mindset that still dominates modernist and compliant business thinking; everything is reduced to rational outcomes such as financial and “business performance” results. Engaging customers emotionally is not about getting them to buy more from us or try our latest product- it is about engaging them holistically from who they are and sharing the experiences of doing life together, including partnering to change our world.

The specific emotional metrics are different for every company or organisation and they go to capturing the unique Positive Core “DNA” of this community when its interactions with its stakeholders make a unique contribution.

Traditional business leaders look at *what do we get* as the primary set of business performance metrics (sales targets, % of customer wallet, profit, share of market etc) –this is the wrong end of the engagement hierarchy and conversation.

Put simply, you engage customers (and employees) rationally with a rational conversation and rational metrics. You engage customers emotionally with an emotional conversation and emotional stories because customer (and employee) engagement is ultimately more about positive experiences, feelings and relationships than financial results – true!

In companies who aspire to excellence, the future business metrics will be more about measuring, learning, creating and celebrating how the company partners with its employees and customers in giving, belonging, learning and growing together, than it is about money or “quality” or market

dominance. Paradoxically, companies who engage their stakeholders as partners in an ongoing shared story around making a difference together will make more money, more profits and dominate their market spaces. The rational, tangible business results from engaging company stakeholders emotionally will come through abundantly for a company but they are a by-product of emotional engagement.

If your customers and your employees are emotionally engaged they will buy from you and buy more and they will recommend you to their friends, family members and associates because they want others to share the experience of life partnership with you. They will join your company and in so doing begin to restore the original meaning of the word “company” which before the industrial revolution meant “a group of companions, members, one of another.

Why We Need Both Company Wide Engagement Surveys *and* Every Individual Story

I want to finish with a quick note to clarify a question I was asked the other day by a CEO who, for many years, had invested in Employee Opinion Surveys but was becoming disillusioned in that most of his people were still not engaged.

He said- “do I still need to invest in companywide, employee opinion surveys, customer satisfaction surveys and also in the appreciative inquiry conversations you are advocating- doesn’t one replace the other?”

My answer to him was “you need both but for different reasons and you need to pick the right survey instruments, those that are geared to capture the emotional drivers of engagement because the old focus on customer satisfaction or employee opinions doesn’t work to engage people emotionally.

I intend to write a separate paper on this but organisation wide surveys are really important for companies to invest in. They provide excellent data on how your company is travelling in the alignment of its organisation systems to engage employees and customers. They give you overall trends, comparisons to benchmarks and inform your strategic planning; including selecting the Aspirational Excellence elements or KRA’s that you will work on as a leadership team in the next year to engage your people generically.

Appreciative Inquiry is designed to engage your stakeholders in conversations around what specifically works for them through positive stories and narratives. They discover who they uniquely are, their Positive Core. It is a conversation where organisation members and stakeholders come together to envision and design a future state which will be deeply authentic and meaningful because it is grounded in their reality and emotionally engaging because people connect from their “well” being.

Surveys cannot provide stakeholders with this experience because they are not geared to capturing positive stories and by nature they are looking for problems and deficiencies- for weaknesses, not

strengths. They can have a tendency to foster more compliance, not release contribution and creativity. Conversely the stories are not geared to capturing data or establishing trend lines.

Most surveys are designed to provide information for company leaders and do not engage people in any discovery around *who they are*. They tend to collect information and a third party will analyse the data and come back to the leadership team with a report. In Appreciative Inquiry, the stories are shared with the participants who do the discovering, analyzing and prioritising what's important themselves.

It is critical that companies select the right survey instruments and work with providers that take a holistic "well being" systems alignment view, who focus on strengths, who understand that emotional engagement is a bigger idea than rational engagement and whose survey instruments are high on partnership with "the whole system". Many traditional employee opinion and customer satisfaction surveys are paternalistic, generic and low in trust (how many people fill them out voluntarily and passionately?)

At the *Emotional Economy at Work* we would recommend two survey organisations with which you could make contact. If you are looking for a survey provider who really understands the emotional current engagement conversation and has the survey instruments, research base and experience to help you survey the right emotional "KRA's" and "KPI's" we suggest the Gallup Group and Insync Surveys. That is not say that these are the only two providers in this space but they are the two we know.

Here are the links

The Gallup Group-

<http://www.gallup.com/consulting/52/Employee-Engagement.aspx>

<http://gmj.gallup.com/content/102037/Human-Sigma-Book-Center.aspx>

Insync Surveys

<http://www.insyncsurveys.com.au/>

<http://www.insyncsurveys.com.au/Products/?product=OAS>

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