

EMPLOYEE ENGAGEMENT UNDERPINS BUSINESS TRANSFORMATION

CHALLENGE In recent years Motability Operations has embarked on a change programme to meet a number of challenges in its market, including changing customer needs.

The organisation identified three areas for improvement: customer satisfaction, business performance and organisational culture.

The company began by addressing organisational culture, recognising the importance of ensuring all of its employees were engaged.

RESPONSE Towers Perrin undertook a series of surveys to measure and identify the aspects of organisational culture that were crucial to employee engagement and high levels of customer service. The results were analysed against the Towers Perrin high performance benchmark.

RESULTS Analysis of the survey results provided insights that enabled Motability Operations to focus its people strategy on delivering the key objectives of its business transformation programme. This approach has made a significant contribution to improvements in levels of customer satisfaction and business growth.

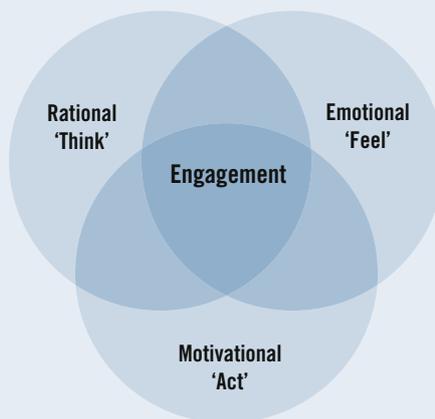
THE POWER OF EMPLOYEE ENGAGEMENT

What is Employee Engagement?

To be fully engaged, employees must have:

- **Rational**/cognitive understanding of the organisation's strategic goals, values and their 'fit' within it (also known as the **'Think'** sector)
- **Emotional**/affective attachment to the organisation's strategic goals, values and their 'fit' within it (also known as the **'Feel'** sector)
- The **motivation**/willingness to do more than the minimum effort in their role (ie, to be willing to invest discretionary effort, to 'go the extra mile') for the organisation (also known as the **'Act'** sector)

FIGURE 1: Employee Engagement Model



Employee engagement: the link with financial performance

Towers Perrin research and client experience has repeatedly shown the business benefits of employee engagement. Engaged employees are people who put additional discretionary effort into their work and beyond what is considered 'enough'. They have the desire and commitment to do the best they can and make a measurable contribution to an organisation's performance. Engaged employees are also less likely to actively look for employment opportunities elsewhere.

In a study of 50 multinational companies, Towers Perrin documented the impact employee engagement has on financial performance. Over 12 months, companies with high levels of engagement outperformed those with less engaged employees in three key financial measures, operating income, net income growth and earnings per share.

Employee engagement has an immediate impact on business performance

Towers Perrin’s engagement measure is highly predictive of performance and is noted as being the foundation of many other frameworks in the industry (Figures 2 and 3).

Customer satisfaction: better by engagement

Towers Perrin’s research and experience also shows a link between improvements in employee engagement and increases in levels of customer satisfaction. As one example from major retail bank demonstrates (Figure 4), as levels of employee engagement rise so do levels of customer satisfaction.

SURVEY SUPPORTS BUSINESS TRANSFORMATION

Putting employees and customers at the forefront of change

Motability Operations administers the UK’s largest car fleet, with almost half a million disabled customers. From the start of its transformation programme Motability Operations recognised that to deliver high levels of customer satisfaction, alongside other key aims and objectives, its 650 employees must be engaged with the organisation and its strategy. The organisation also recognised that high levels of employee engagement would support its mission to be recognised both internally and externally as an outstanding and responsible employer.

In order to realise these objectives, Motability Operations embarked on a series of customised employee surveys in partnership with Towers Perrin. The surveys supported the drive to improve business strength and optimise levels of customer service by enabling the organisation to:

- assess its work culture;
- assess levels of employee engagement;
- identify areas of strength and weakness;
- set new priorities for its people strategy and programmes.

FIGURE 2
Impact of employee engagement on financial performance
A 12-month study across 50 global companies

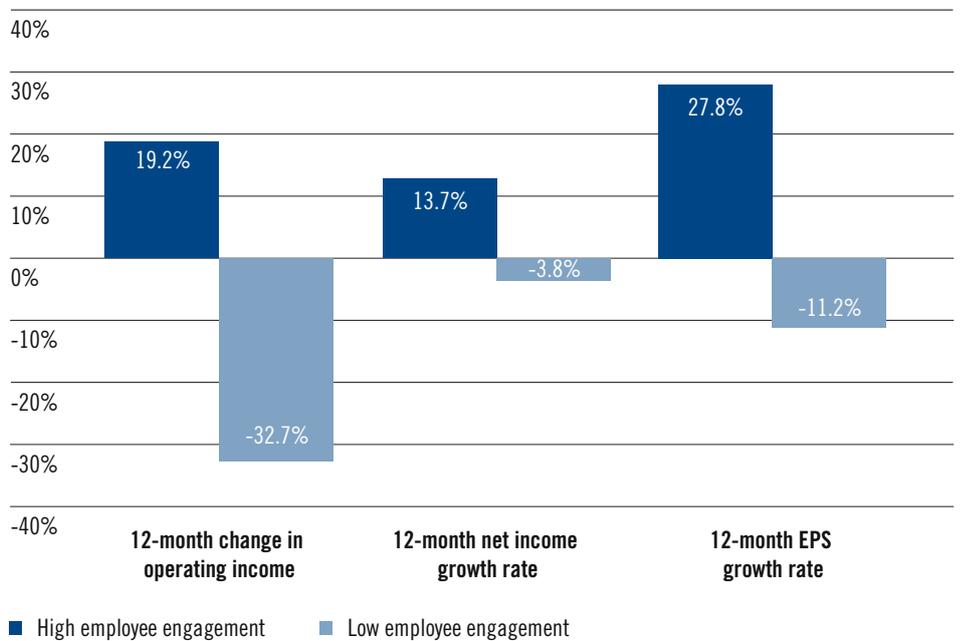
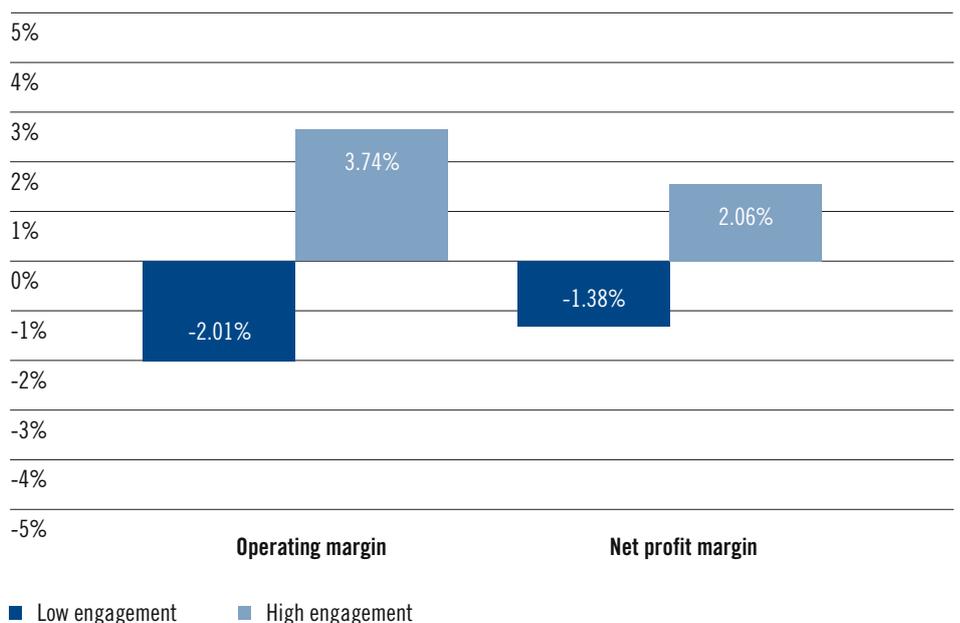


FIGURE 3
Impact of engagement on business performance
A three-year study across 40 global companies



The surveys focused on a company-wide agenda and, initially, on actions that were required across the whole organisation. Once performance across the business was strengthened, the company focused on identifying areas for improvement at a local level, eg, at one site or in a specific department. This ensured that best practices were in place across the business and that no pockets of low engagement remained.

COMMUNICATION IS CRITICAL

Open, honest and candid to reflect organisational culture

Motability Operations recognises that leaders set the organisational tone and its approach to sharing the survey results and actions reflects this cultural imperative. Regular employee roadshows are critical. Led by the chief executive and management board, survey results are shared openly and candidly. Ensuring employees see the impact of the survey is also critical. Through team meetings, employees are invited to provide feedback on the survey results and are updated on any actions that are taken in response to the survey.

Another imperative is that the survey reflects the organisation's values, which are 'Friendly, Flexible and Facilitating'. These are central to the way employees are recruited, rewarded and managed and the way the Motability Operations interacts with its customers.

ACHIEVING HIGH PERFORMANCE

Comparing performance to the best of the best

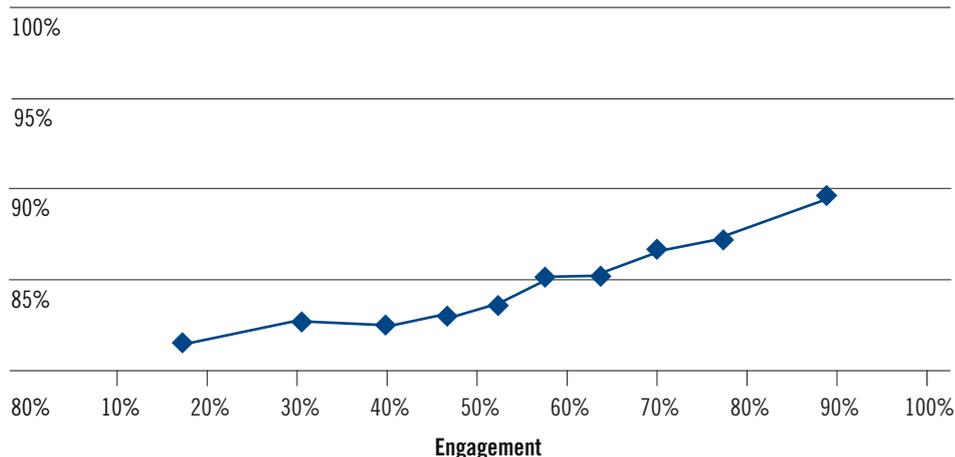
Towers Perrin has developed a series of high performance benchmarks that draw on data from organisations that maintain above-average levels of financial performance in their industry and also demonstrate best practice people management procedures. This benchmark enables clients to assess their performance against some of the world's most successful organisations, and pinpoint areas for improvement.

FIGURE 4

Motability operations macro data is reinforced by case studies:

UK retail example – engagement versus customer satisfaction

Customer satisfaction



Data from Motability Operations' employee surveys was compared to the Towers Perrin high performance benchmark. Within three years of launching the transformation programme, Motability Operations business performance improved to the point that it compared favourably with the UK high performance benchmark. Significantly, the result showed that the organisation had achieved:

■ **Strong customer and business focus.** Eighty-five per cent of employees were positive about its customer focus compared to 75% in high performing organisations;

■ **Clear two-way communications.** Seventy-eight per cent of employees were positive about communication compared to 73% in high performing organisations;

■ **Strong sense of employee pride,** a crucial dimension of employee engagement. Eighty per cent of employees said they were proud to be part of Motability Operations, compared to 72% in UK high performing organisations.

Identifying areas for local improvement

Targeting pockets of poor performance

As improvements were made across the whole business and surveys indicated strong performance, the focus of the employee survey and subsequent actions shifted to help Motability Operations identify areas for local improvement.

This approach enabled individual departments to hold workshops with employees to prioritise areas for local action that supported the wider business improvement agenda.

The programme of action implemented by a local customer service department after disappointing survey results, is an example of this approach in practice. Local managers began by holding a meeting with employees to identify the causes of dissatisfaction. This was followed by an action-oriented workshop which enabled the teams to become part of the solution. Ideas were gathered and exchanged. The resulting co-operative programme of change helped re-engage the teams, and survey results improved.

SUSTAINED IMPROVEMENT IN BUSINESS PERFORMANCE

Business performance has continued to improve at Motability Operations. Indeed, the latest employee survey results reveal that its performance continues to exceed Tower Perrin's high performance benchmark. To date, it achieved:

- **Strong levels of employee engagement.** Eighty-six per cent of its employees are engaged, compared to 81% of employees in high performing organisations;
- **Sustained improvements in customer focus.** Ninety per cent of its employees are positive about customer focus, compared to 77% in high performing organisations;
- **A values-led organisational culture.** Eighty-one per cent of employees are positive about its values, compared to 65% of people in high-performing organisations.

Motability Operations is reaping the rewards of its change programme, including its dual focus on employee engagement and customer satisfaction. The management team is confident that involving and engaging employees has made a significant difference to business performance.

Motability Operations' business results are impressive, for example:

- Its customer base grew by 22% over four years
- Ninety-six per cent of customers report that they are satisfied with the car scheme, a 4% growth over three years
- A predicted 12% increase in new business over one year.

Chief Executive Mike Betts comments:

"We are proud of our organisation and our culture. Motability Operations goes from strength to strength and our people are our greatest ambassadors. With their support, the business is set for a very exciting future."

ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organisations improve their performance through innovative human capital and risk and financial services solutions.

In the human capital area, Towers Perrin helps organisations develop and implement workforce strategies that align with business needs, address critical talent issues, drive higher performance and ensure the right return on their investment in people. Areas of focus include workforce effectiveness; rewards effectiveness; benefit programme effectiveness (including retirement and health and welfare programme strategy, design, implementation and management); assistance with mergers, acquisitions and restructurings; HR function design, service delivery and technology; employee communication; employee research; and change management.

Towers Perrin has offices and alliance partners in the world's major markets. More information about Towers Perrin is available at www.towersperrin.com.

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