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Featured article

Employee engagement

Dr Charles Woodruffe



Guru interview

Robert Shaw: Value-based marketing

Interview by Alistair Craven

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Welcome to Management Focus

... and welcome to the September/October issue.

Most employees seek the pleasure of complete focus and concentration on something they really want to do. The question is: how can organizations maximize the proportion of their employees who regard their jobs in this way?

In our featured article by Dr Charles Woodruffe, the managing director of Human Assets, discover a number of constructive courses of action that you can pursue to make people want to stay with your organization.

Robert Shaw has a PhD in Nuclear Physics and an MSc in Operational Research. He is a leading authority on Value-based Marketing and Customer Relationship Management and, in addition to his academic research programme, runs his own consultancy company after a number of years as head of Andersen Consulting's marketing practice.

In our guru interview, Professor Robert Shaw elaborates on the importance of Value-based Marketing and Customer Relationship Management for today's businesses. He also talks about the challenges faced during his time as head of Andersen Consulting's marketing practice, and the impact of the internet on marketing theory and practice today.

A company's strategic plan is the "game plan" management has for positioning the company in its chosen market arena, competing successfully, satisfying customers, and achieving good business performance. In this issue of *Management Matters*, our resident expert discusses what issues need to be considered and the key challenges faced when creating an effective integrated strategic plan.

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Best wishes

Debbie Read and Alistair Craven
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Employee engagement

The real secret of winning a crucial edge over your rivals

Dr Charles Woodruffe

Having employees who are thoroughly motivated and truly engaged with what they are doing is the most powerful competitive weapon any organization can enjoy.



Most of us do not seek immortality in our work, but rather the supreme pleasure of complete focus and concentration on something we really want to do. The question is: how can organizations maximize the proportion of their employees who regard their jobs in this way?

Chief executives of most organizations rarely miss an opportunity to remind their audience that their people are their most precious asset. Certainly, in the highly sophisticated economies in which organizations operate today, it is a matter of sheer commercial logic that an organization's people represent the most

crucial weapon in its bid for competitive supremacy. The trouble is that organizations do not necessarily put this thinking into practice by taking every step to ensure that every member of staff wants to perform to the very highest levels of which they are personally capable.

Fortunately, more and more organizations have become attuned to the idea that there is not much point in employing people at all if you are not going to take steps to make them want to give their very best to you. All the same, there are still some chief executives and managing directors who think that their employees will be motivated

to give a great performance simply because the company has hired them. They see money as a cure-all.

In practice, people are likely to be swayed by a range of other, non-financial factors when deciding where they will work. This is particularly true of really talented people, who tend to have a good idea of the market rate they can command and will look for an employer who can offer this rate and other advantages. Overall, while the precise reasons why people work will vary from one individual to the next, it is nonetheless possible to make some useful general observations about employee motivation.



First of all, in today's employment market, where the notion of cradle-to-grave secure employment is in most cases an increasingly distant memory, people are more and more conscious of the need to maximize their employability. A big reason why people take a job in the first place, and why they might be motivated to give it their very best, concerns how they imagine the experience they are gaining will look on their CV.

In today's tough job market, employers need to understand that the training and development they extend to all their employees not only will make employees more able and more valuable, but also will act as a powerful incentive for them to stay. Of course, organizations are always at risk that their staff will leave, taking their new skills with them. Yet employees of organizations that do not develop their staff have little motivation to stay. This is a paradox, but it is one with a simple solution: accept that employees are more likely to leave if they are not developed, and find ways to make people want to keep working at your organization.

Fortunately, there are certain constructive courses of action you can pursue to make people want to stay with you.

Some of the most important non-financial motivations are:

- *Advancement* – people at work set great store by the extent to which they perceive that their job is giving them the opportunity for career advancement.
- *Civilized treatment* – problems may often arise because managers responsible for the people in question are themselves working under great stress and, in effect, “kick downwards”.

- *Employer commitment* – people like to feel that their employers are genuinely committed to them and to their careers.
- *Environment* – a pleasant working environment is always welcome, especially in a high-pressure job where stress caused by an unpleasant environment can easily have a negative effect on performance.
- *Exposure to senior people* – most employees like to feel that they are being noticed by an organization's senior people and that they could approach these people if necessary for advice and guidance.
- *Praise is awarded when praise is due* – Extending praise often requires a negligible amount of time or energy on the part of a manager, but the emotional benefits to the employee can be enormous.
- *Support is available* – employees like to feel that there is someone available to whom they can turn for advice if they need it.
- *The feeling of being trusted* – Employees who feel trusted are more likely to feel themselves a useful and important part of an organization and are more likely to show loyalty to their organization.
- *The feeling of working for a good and reliable organization* – people want to be proud of their jobs and of their organizations. People are unlikely to have much staying power at an organization they perceive, rightly or wrongly, to be a cowboy outfit.
- *The feeling of working on useful assignments* – the feeling that one is doing a truly useful assignment is extremely powerful as a factor motivating employees.
- *The work/life balance is respected* – employees know that they are going to have to work hard, but an employer who shows sensitivity to work/life balance issues is very likely to outscore one who does not.

Ultimately, all these elements of positive motivation are contributing factors to the overall level of engagement the employee brings to his or her job. This term, engagement, is being used increasingly at an organizational level to denote the idea of an employee being fully intellectually and emotionally committed to a particular job, so that he or she wants to give to that job what is known as discretionary effort. This is the effort which it is not necessary for an employee to give to a job but which he or she wants to give to it.

Engaging employees is important, whatever the potential of the employee, but it is especially crucial for truly talented people who are likely to have leadership potential either now or in the future. Engaging talented people needs to be a top organizational priority because they are by definition especially precious possessions. They are particularly likely to find another berth if they do not feel that this one meets their demanding needs for job satisfaction, purpose and sense of self-worth.

Dr Charles Woodruffe is managing director of Human Assets, a consultancy which devotes itself to creating and implementing human resources strategy for organizations, especially in the areas of selecting, developing and engaging employees.

For more information visit www.humanassets.co.uk

“Accept that employees are more likely to leave if they are not developed, and find ways to make people want to keep working at your organization.”



Robert Shaw: Value-based Marketing

Interview by Alistair Craven



Robert Shaw has a PhD in Nuclear Physics, an MSc in Operational Research and is currently a Visiting Professor at a number of institutions, including Cass Business School, London.

He is a leading authority on Value-based Marketing and Customer Relationship Management and, in addition to his academic research programme, runs his own consultancy company after a number of years as head of Andersen Consulting's marketing practice.

*He is a sought-after public speaker, and has written over ten books and reports, including a bestselling book *Improving Marketing Effectiveness for Economist Books* in 1998 and a Good Practice Guideline *Controlling Marketing for the ICAEW* in 2002.*

Here he elaborates on the importance of Value-based Marketing and Customer Relationship Management for today's businesses, and what challenges he faced during his time as head of Andersen Consulting's marketing practice.

Q: You are recognized as a leading authority on Value-based Marketing and Customer Relationship Management. Can you elaborate on the importance of these facets of marketing for today's businesses?

A: My experience of database marketing in the 1980s showed me that there was a need for processes and management disciplines to support the computers used to record customer data. My book, *Database Marketing*, had chapters on marketing accountability and process management. When the ideas of Database Marketing were resurrected by Siebel and others in the mid-1990s, it was apparent that they hadn't taken the earlier lessons into account and were presenting the computer as a panacea. I worked with a number of companies on implementing a fully formed CRM, going beyond the pure computer view of the discipline. But it's hard to get your voice heard when there are thousands of computer consultants shouting about their software as the CRM panacea. So I witnessed some disastrous CRM implementations. Today, sadly, CRM's reputation is tarnished because of the over-selling of the software firms.

Q: You spent many years as head of Andersen Consulting's marketing practice. What were the particular challenges you faced in this role?

A: I joined Andersen because they were wanting to strengthen their marketing practice, but I didn't realize that they equated "marketing" with "order-processing systems" and I nearly left after a few months of computer projects.

What made the difference for me was the database projects. I started building systems for customer data that were bigger and more complex than anything that had ever been built before. That was very exciting. But it was a constant battle inside Andersen, to get recognition for innovation – they were a very conservative firm.

I eventually got a budget to construct an integrated marketing system, as a pilot, linking 30 different techniques into one huge integrated system. There were planning systems, analysis, geodemographics, GIS, scoring, telemarketing, field sales laptops, and many

more. It was quite amazing and goes far beyond anything that Siebel introduced ten years later. My second book, *Integrated Marketing and Selling*, described this integrated solution, and has been plundered by all the CRM gurus many years later.

Q: Your new book *Marketing Payback* has already been praised by marketing legend Philip Kotler and it tackles issues of bottom-line accountability for the marketing function. How important are accountability and measurement of marketing success in today's business climate?

A: Accountability is marketing's biggest issue today, without doubt. I have interviewed many marketing directors who tell me it's their main headache. Partly it's perception – marketers are perceived as "expensive, unaccountable and slippery". It's also reality – marketers have failed to implement the systems and processes they need. I often compare marketing today with supply-chain management 15 years ago. In those days, the warehouse manager and the distribution manager would wear overalls, be greasy and sweaty and their means of getting things done was to shout rude words at their staff. Today, those managers are gone, replaced by numerate, polished, analytical people. Yet marketing is still in the era of management by shouting (at agencies and in other departments), and their innumeracy is a big issue. But there are signs of change.

Q: How would you assess the impact of the internet on marketing theory and practice today?

A: The impact of the internet on communications is growing and it will be huge, once Broadband takes off as an entertainment medium. It is also eroding many traditional shopping channels, such as bookshops. As regards marketing theory, it is having to evolve to accommodate the internet, but the impact is less profound than the issue of accountability.

To read the full interview with Robert Shaw, please visit our Marketing Community online at www.managementfirst.com/marketing/interviews/shaw.htm

Management Matters

Welcome to our Q&A section – *Management Matters* – where you can find actionable advice on today’s top management issues. In this issue your question on creating effective integrated strategic plans is answered by our resident expert.

Q A company’s strategic plan is the “game plan” management has for positioning the company in its chosen market arena, competing successfully, satisfying customers, and achieving good business performance. What issues need to be considered when creating an effective integrated strategic plan, and what are the key challenges faced?

One key issue to consider is implementation. Writing a plan is relatively easy, but creating a programme of action which can be implemented is quite another thing. In that way, planning isn’t just about an optimum match with customer needs – it’s about understanding internal resources and competencies, as well as internal political restraints and opportunities. So planning isn’t simply an academic exercise in external environmental analysis.

Which brings us to a second, related point – planning is about inclusivity. Far better that a plan is contributed to by the people who will be working it through, than simply imposed on them. This isn’t as obvious as it sounds. It would be easy to say “people can come up with their own conclusions so long as they concur with mine/ours!” But that’s not really inclusivity. Far better an “imperfect” strategy of which people feel part and to which they feel committed than a “perfect” one from which people feel excluded.

A third, and again related, point is about competence. Plans might deliberately stretch existing competencies but, to be able to be properly implemented, they must pay regard to existing or achievable competencies. Competencies aren’t just about skills – they include technology, resources, investment, suppliers and partners. In that sense, competence gaps can – and should – override short-term market opportunities. An opportunity met by a competence gap cannot be filled unless something changes to fill the gap.

Any plan will lack perfect information – it will contain a mixture of data and conjecture. The fourth point I would make is – just be sure to identify the difference between the two. There is no harm in conjecture, opinion or ideas, but these should not be presented as hard data. As one of my colleagues often points out, two or three customers complaining too often gets transmitted round an organization as “everyone’s complaining!” Look out for and beware of statements like “customers feel that . . .” or “the vast majority of our suppliers say that . . .” without verifiable data to back them up. They may not necessarily be wrong – they may just not be a reliable basis for a plan. 

Our resident expert has over 25 years’ professional experience in management, ranging from academic journal editor and management consultant to senior board member.

If you would like to send him a question, write an e-mail to Web Content Manager Debbie Read at dread@managementfirst.com and the best submissions will be featured in a future issue of *Management Focus*.



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Final thought ...

“An empowered organization is one in which individuals have the knowledge, skill, desire, and opportunity to personally succeed in a way that leads to collective organizational success.”

Stephen R. Covey

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