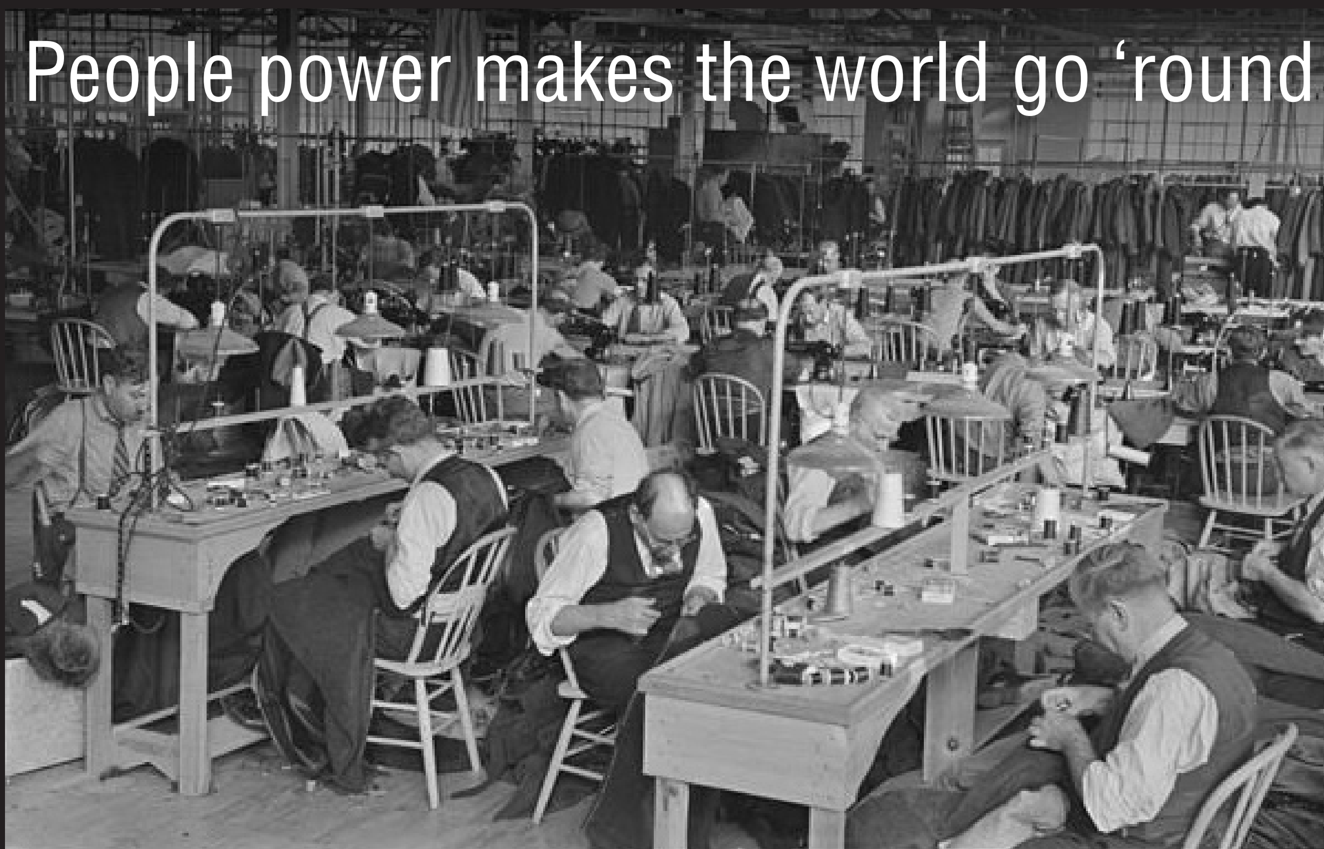
DORSEY REPORTS

February 2015

The Voice of the Experts of Dorsey & Company, Strategic Consultants to Management

Competitive Strategy • Marketing Strategy and Tactics • Market Research • Strategy Implementation



How to rally the workforce to improve profits and market performance

Want to see your bottom line improve? The secret arsenal for beating your competition is probably right under your nose—or maybe one floor below your office.

"Achieving competitive advantage through people involves a fundamental change in how we engage the work force and cultivate the employee relationship," said Dorsey & Company President Julius Dorsey. "It means seeing the workforce as a place to invest and as a source of competitive advantage—not just as a cost."

That's right: the men and women who make coffee and breakfast for their families every morning, haul kids to school and ballet lessons, take care of aging parents, AND, show up faithfully to work are the un-sung first line of defense against competitive forces facing your business and often the untapped secret weapon to win in ways and places that you never have before.

How can employees—the secretaries, technicians, customer service representatives, plant managers and the like—impact your marketing and sales performance? By being fully engaged with, and bought in to, the company's mission and culture. Once understood, this must go even further so everyone understands their role, why it's important and the rewards and consequences of their involvement.

D&Co. Senior Associate Jeff Worron, who has trained and managed sales and customer service staff in a number of industries, goes as far as to say that sometimes even the most experienced marketing strategy executives miss the mark when they don't consider the role and contribution of the entire staff.

"Without doubt, a well trained, educated and motivated workforce is instrumental in the success of any company or any company endeavor," Worron said. "If you have a fully loaded marketing plan but key staff in production, technical support, customer interaction or other functions are unaware of it or unable to discuss it, even the best marketing plan can fail."

It is not over simplification to say that by taking just a few extra steps in the planning and execution of any plan, results can dramatically improve. Consider including these three key steps Worron recommends:

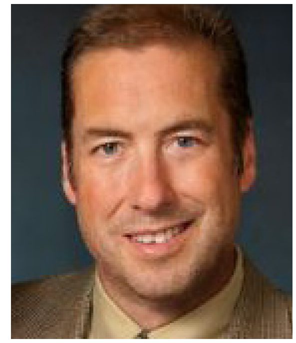
1. Communicate your vision and ask for feedback

By sharing with employees the current situation facing the business (competitive intrusion, new products, sales slowdown etc.) and providing them with your vision and solution, this level of engagement allows you to gain their buy-in by asking them for their perspective. Listening to front line employees is always a good idea!

2. Educate and involve everyone (training)

Once a plan has been established and BEFORE it is launched, make sure that everyone knows their role and what is expected of them: i.e. what to say and when to say it. Everyone should have this information available to them AND know it. And, just as importantly, be able to apply it.

3. Monitor, Manage and Motivate



Worron

Now that you have included your team in the planning process, trained them on the plan and what their role is, the last step is making sure that they are incented and motivated to do what is needed. Therefore you must have a reward program in place to motivate them as well as a monitoring and management system to ensure that your team is actually executing the plan that you both worked so hard to create!

Worron continued, "My experience is that it is far too common for companies to spend hundreds of man hours and thousands of dollars to develop, promote and brand a message or promotion to new and current customers only to have the ball dropped at the goal line by someone on the team who didn't know either the game strategy or even what play was being run," he said.

In other words: these companies failed at some point to engage their employees.

While the term "engaged" as a descriptor has admittedly morphed into insincere corporate-speak, real market results point to the value of an engaged workforce who believes in the company, knows its role and its importance and is willing to devote the time and effort to deliver consistently.

Proof of the dollars-and-cents value of an engaged workforce can be found in a multitude of studies conducted over recent years which looked at how employee engagement—or lack thereof—impacted the bottom line. For example, a widely touted study by human capital consulting firm Watson Wyatt Worldwide found companies that effectively engaged employees had a 19 percent higher market premium, 57 percent higher shareholder returns over five years, and a level of employee engagement 4.5 times higher than their competitors.

Another study touted by *Forbes* showed an average total shareholder's return (TSR) stood at 24.2 percent at companies where 60 to 70 percent of employees were engaged vs. a 9.1 percent drop in TSR for companies with only 49 to 60 percent of their employees engaged. Further, companies with engagement below 25 percent suffered negative TSR.

Numbers like these may be behind the controversial decisions of a handful of major U.S. tech firms to reign in telecommuters. The first to make waves on this front was Yahoo!, whose new CEO in 2013 outright banned telecommuting company-wide, citing the need for all hands on deck to foster innovation and team collaboration. The company soon thereafter saw a slight uptick in its stock value and it moved up on the list of top 25 places to work, according to *HR & Talent Management.*

Yahoo! was followed by HP and Best Buy with similar policies. *HR & Talent Management* also reported that one year after HP's decision, it saw a 17 percent increase in cash flow during the first quarter of 2014, up from the first quarter of the previous year.

While companies may have myriad reasons for utilizing off-site workers or even contractors rather than permanent full-time staff, it is possible, and essential, to engage all employee types and motivate them to stay on mission for the greater good. You do this by tapping into what motivates each to win.

"Tie the personal interests of the employee (whether permanent, telecommuting or contractor) with interests of the company, so when the company does well they share in the benefits—and they know they share in the benefits," said D&Co. Senior Associate Dr. Mark Traylor, a research and poling expert who has conducted consumer and workforce research. "When it's understood that company performance and their performance are tied together, it helps morale because they all feel they had some control over their own part in the success."

This means that employees—whether sales support, telecommuters, contractors, managers, etc. —must be understood just as any other crucial market segment. Organizing people and processes into a system to deliver value to customers is greatly improved when supported by employee marketing, Worron said.

"One of the reasons some of the best marketing plans fail is because they failed to consider the people who were going to do the most work or have customer interaction. It's gigantic," Worron said. "It's great you sold a landscaping project that includes a swimming pool but if nobody bothered to let the people digging the hole know their role, why they're doing it and what they're getting out of it, your overall results are going to come up short upon evaluation."

***Dorsey Reports* is a publication of Dorsey & Company Strategic Consultants to Management**
Cleveland Heights, Ohio 216.812.8408
info@dorsey-co.com

Publisher: Julius C. Dorsey, Jr.

Editor: Jinida L. Doba

Founded in 1987, Dorsey & Company Strategic Consultants to Management is a carefully assembled group of more than 50 associates who offer a wide range of marketing expertise to thoughtfully approach every engagement according to its unique competitive and marketing challenges and requirements. The Dorsey & Company approach has consistently yielded favorable results for leading clients in automotive, energy, utility, branded and consumer goods, retail, higher education, telecommunication, government and nonprofit, financial and professional services, economic development, and other industries. Visit ***www.dorsey-co.com*** *to learn more about Dorsey & Company.*