



Building a Culture of Engagement: Why It Matters

JEREMY BROWN

“Culture eats strategy
for breakfast.”

—Peter Drucker, Writer, Professor and
Management Consultant

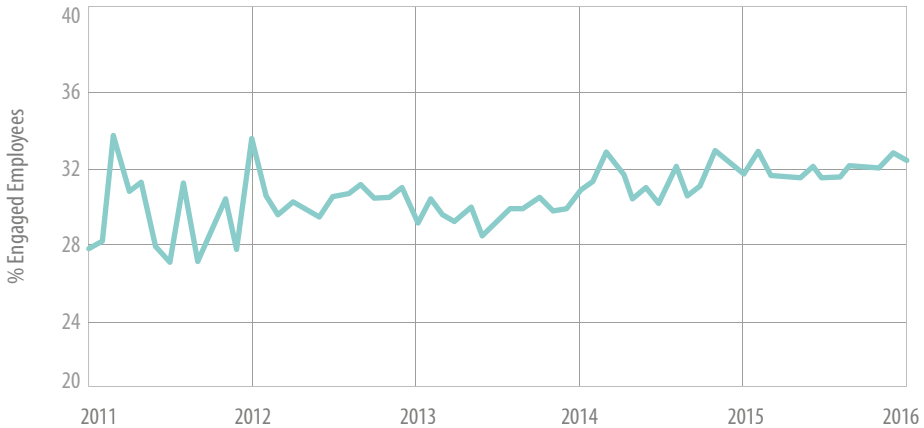
Being able to offer better services, technologies, strategies, products and cost structures can make one organization better than the next, but all of these factors are replicable. What does withstand the test of time and make companies better than their competitors is a workforce comprising engaged and motivated employees. That's because engaged workers consistently outperform those who are distant and uninterested in their work. As a result, in the struggle over competitive advantage and skilled talent, the company with the engaged employees will win the war and the battle.

For the construction industry especially — where according to our latest research almost 86% of employers are facing skilled labor shortages¹ — the topic of employee engagement is more critical than ever. In this article, we present six universal employee engagement drivers and provide recommendations on how companies can develop sustainable, engaging cultures. Insights are based on FMI's industry research and conversations with FMI's partner Leigh Branham, a nationally renowned expert and author of three best-selling books on the subject of employee engagement.

EXHIBIT
1

U.S. EMPLOYEE ENGAGEMENT

MONTHLY AVERAGES: 2011-2016



Figures shown are for January of each year.

Source: GALLUP

The Disengagement Crisis — The Big Picture

According to Gallup’s latest research, nearly a third (32.5%) of U.S. workers were engaged in their jobs earlier this year (Figure 1). The majority (51.9%) of U.S. employees were “not engaged” in January, and 15.7% were “actively disengaged.” In other words, almost 70% of today’s American workers are “not engaged” or “actively disengaged” and therefore emotionally disconnected from their workplaces and less likely to be productive.

Gallup estimates that these actively disengaged employees cost the U.S. between \$450 billion to \$550 billion in lost productivity every year. In addition, these employees are also “more likely to steal from their companies, negatively influence their co-workers, miss workdays and drive customers away.”²

In conversations with construction industry executives, we have found that the topic of employee engagement is often perceived as something fuzzy and elusive. Responses like “We are contractors. We build stuff. Either you like to build stuff, or you don’t. I’m not so concerned about the fuzzy stuff,” are not uncommon. Yet, at the same time, these executives admit that their employees are their most important assets.

Branham explains the situation as follows: “Whether company leaders know how to derive better value from the employer-employee relationship or not, they at least fundamentally understand that different levels of ‘buy-in’ create different results — some better than others. There are hard elements to employee engagement; it’s not just a ‘feel good’ thing. Those basic elements are: Do employees know how to do their jobs effectively? Do they have the right resources to be effective? Are they surrounded by people that they like

and respect? Do their managers care about them? And do they feel that they are advancing their career and skill sets? You can actually measure those things. They are easy to say and hard to do... and it takes a lot of management and leadership attention to move the needle.”

In construction, where employers are struggling to attract and retain skilled workers, it is time for a fundamental mind shift. The talent challenge is not going away anytime soon; good, skilled workers will likely remain a scarce resource in the future. In fact, now is the time to think of employees as your clients and look for new ways to attract and hold onto them long term. Following are six key drivers that are fundamental to developing a sustainable and engaging company culture.

Fundamental Drivers of Employee Engagement

Over the years, Branham has studied data patterns in millions of employee engagement surveys and has narrowed it down to six universal drivers for employee engagement. Branham’s findings support FMI’s industry insights based on employee engagement surveys conducted with more than 50 construction firms as well as a millennial-specific engagement study that included almost 400 industry stakeholders.

1. Caring, competent and engaging senior leaders

According to Branham, these individuals are competent, visionary and clear about where the company is headed. This point is especially important for young people who are just kicking off their careers. By explaining the whole picture, company leaders can connect the meaning to their employees. This, in turn, gives workers a clear sense of purpose and an understanding of how their efforts fit within the larger plan.

According to FMI’s research, when the company’s vision is inspiring and clearly communicated, younger workers (millennials) are 25% more likely to stay longer with the company compared to those who don’t understand the company’s vision and direction.

2. Effective managers who keep employees aligned and engaged

By paying attention to cues from senior leaders on effective employee supervision and guidance, the best managers outline clear, concise expectations and provide frequent feedback to workers.

According to FMI’s observations, this is an area where the construction industry is currently undergoing some big changes. It’s time to eradicate the archaic management models frequently used in the construction industry and implement performance management processes that factor in ongoing training, coaching, development and associated metrics. By listening to their employees and by taking into account their individual career aspirations and plans, effective managers can develop personalized development programs

that help strengthen the entire organization and engage the whole workforce for the long term.

3. Effective teamwork at all levels

According to Branham’s research, companies that are considered “best places to work” have fewer hierarchical barriers, or silos, across the organization. They also encourage a high degree of interaction and communication between top and front-line employees. Conversely, in non-engaging company cultures, employees typically feel isolated from senior leaders.

The need for better teamwork and communication across all organizational levels — especially between the field and the office — is an ongoing struggle for many construction firms. By encouraging and enabling better communication and more frequent interactions, for example, the field-office relationship can be significantly improved. Put simply, by getting people to work face-to-face, have open conversations via phone, and gain a better understanding of one another’s work environments, these traditional divisions can work together more effectively.

4. Job enrichment and professional growth

Employees like challenges, but they also want to know that they’re well-suited for their positions. Branham’s research confirms that successful employers interview and vet new candidates more thoroughly and place an emphasis on cultural fit first and role fit second. They are also very careful about matching employees’ skills and capabilities with corresponding roles and positions.

This is particularly relevant in construction, where many companies lack well-defined career tracks or comprehensive talent development and leadership programs. For younger employees who are just kicking off their careers and feeling out their opportunities, understanding how they can advance from point A to point B is critical. This notion was also confirmed in our millennial study, where survey respondents who understood their career paths and opportunities within their firms were more likely to remain long term with their companies compared to those who didn’t understand their advancement opportunities. And it’s not mainly about advancement; it’s about continuous learning. Paradoxically, the more employees learn and build their resumes, the more likely they are to stay and stay engaged.

5. Valuing employee contributions

Branham confirms that, “Employees who are paid in proportion to their efforts feel more valued. If they receive frequent praise and recognition or a simple ‘thank you for going above and beyond,’ they feel more valued and want to put in more effort. If they are given the right tools to do their job and are given a voice in the kinds of decisions that affect them, they feel even more valued and energized.”³

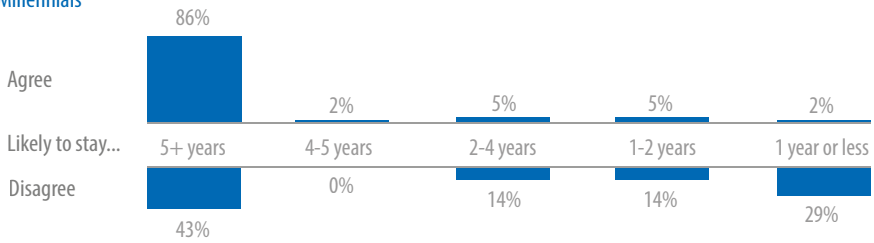
EXHIBIT 2

SENIOR MANAGEMENT'S COMMITMENT TO PEOPLE...

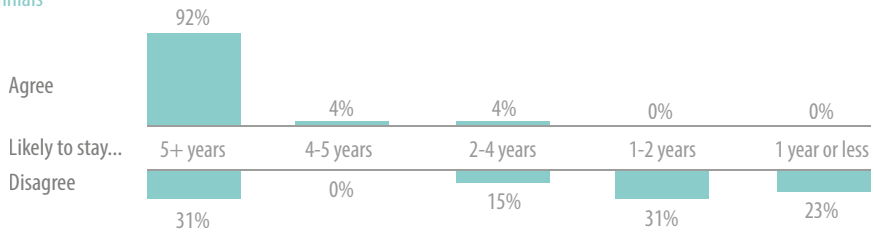
IS REFLECTED IN PEOPLE'S LEVEL OF ENGAGEMENT AND LOYALTY TO THE COMPANY

Senior management has sincere interest in my well-being.

Non-Millennials



Millennials



Source: FMI 2015 Millennials Survey

6. Concern for employees' well-being

By displaying true concern for their valued workers, companies can significantly improve employee engagement, loyalty and long-term staying power — none of which is easy to achieve in today's competitive business environment. In the best workplaces, senior-level executives operate on the philosophy that if you give to employees, they will give back to their companies. This is a far cry from traditional belief systems centered on the idea that if managers give to employees, they will take advantage of the company.

Setting the tone and defining the vision around a culture of engagement is no easy task for leaders, but when done right, it can turn your company into an employer of choice. FMI's industry research⁴ indicates that employees (of all ages) who perceive senior management's commitment to their well-being are engaged and more likely to remain long term with their companies compared to those who don't feel appreciated or valued (Fig. 2).

Branham states, "The real meat and potatoes of what it takes to be an employer that engages your workers is providing clear, consistent feedback. There is an art to (performance) feedback. Routine, purposeful check-ins are

gradually replacing the arduous, time-consuming and less impactful annual reviews. This type of feedback about individual progress and company objectives is much more meaningful to your employees than putting a ping-pong table in the break room or holding a company picnic.... Invest the time and energy into training your managers to give candid feedback and getting to know your employees personally and understand what makes them tick.”

What's Next?

As the millennial generation continues to make its way into the workforce, and as all levels of employees seek out the most fruitful and rewarding job opportunities in today's marketplace, leading construction firms will continue to build and shape cultures of engagement. Branham frequently quotes Peter Drucker who famously said, “Culture eats strategy for breakfast.”

Engagement, like a company's vision, starts at the top and requires leaders to continuously challenge team members and consciously demonstrate a focused effort to engage their employees. FMI will continue to research this area over the coming year, knowing that it will be an especially valuable competitive advantage as the older generations transition out of the workforce and as a new, young generation takes over. **Q**

“Being noticed for the hard work you are doing is a big deal in the construction industry. When executives tell you they appreciate your hard work, it really goes a long way.”

— MILLENNIAL SURVEY PARTICIPANT

Jeremy Brown is a senior consultant for FMI. He can be reached at 303.398.7205 or at jbrown@fminet.com.

¹ Talent Development in the Construction Industry. 2015 FMI Industry Survey.

² State of the American Workplace. Employee Engagement Insights for U.S. Business Leaders. Gallup. 2013.

³ Why Putting Your People First Makes Good Business Sense. Kathryn Jones. THISISKC.com

⁴ Millennials in Construction: Learning to Engage a New Workforce. 2015 FMI Industry Survey.