



Employee Engagement = Profitability

Hiring and retaining great talent is by far one of the most challenging aspects facing businesses today. Hotel owners or operators know all too well that employee turnover in hospitality is high – and it can cost your property 100-200% of an employee’s total compensation. In fact, the U.S. Bureau for National Affairs estimates employee turnover costs U.S. businesses \$11 billion annually. So, what can you do to lessen turnover and keep those dollars flowing through to your bottom line? Focus on employee engagement.

Employee engagement is the practice of influencing employees to be fully involved in performing their job and contributing to business success. It entails creating a corporate culture and work environment where employees think and feel positively about their role, duties and the organization. Enthusiastic employees care more about their employer and are naturally inclined to perform their duties better and interact with people in an uplifting, optimistic way. According to the Corporate Leadership Council, highly engaged employees were 87% less likely to leave their companies than their disengaged counterparts. It’s proven that engaged employees are more apt to go above and beyond what’s required of them, more pleasant to work with, tend to inspire those around them and are equipped to act in line with the best practices for providing top experiences for guests while also considering business implications. In hospitality, great talent who loves what they do leads to what owners and operators seek in their staff: an increased quality and level of guest service that ultimately leads to the holy grail of creating a greater amount of revenue that flows through to net profit. In fact, a recent study from the Hay Group estimated companies with engaged employees made 2.5 times more revenue than those with low engagement levels.

Tips for Creating a Win-Win Corporate Environment

For any employee engagement movement to make traction within your hotel property, everyone from the top of the management chain and throughout the organization must recognize value of engagement and work together for a win-win relationship—the organization wins through enhanced organizational performance and the employee wins through heightened personal well-being. While increasing opportunities for engagement, organizations need to educate employees highlighting the benefits while offering incentives for training and engagement activities.

Key conditions for creating engagement include capability, the big picture, and employee motivation.

- **Capability** - Employees bring a myriad of skills when they begin working for a new organization. Their total capability to complete their job tasks will be made up of those inherent skills as well as the new skills and processes they will learn during onboarding and ongoing training in their new role.
- **Big Picture** - When employees see how their specific role fits into the 'big picture' of the success of the organization, they are more likely to become engaged. Employees need to understand not only the specific skills required for success in their role, but also how their role fits into the organization's strategic priorities. Managers must do more than simply tell employees what the priorities are – they need to encourage two-way conversations to truly engage them for organizational success.
- **Motivation** – Motivation, whether it is intrinsic or extrinsic, is one of the most important skills for all employees that affect performance. Some people are naturally driven, or intrinsically motivated to succeed. Others are moved by compensation, achievement through accomplishing goals, or recognition. The latter or extrinsic motivations can be highly influenced through the management team.



Ways to Inspire Employees

Statistically across industry segments, less than one-third of employees are fully engaged, as measured by Gallup. Who has the most impact on engagement within an organization? Managers account for as much as 70% of the variance in employee engagement. This is both discouraging and encouraging. One way owners and operators can start to fill in this

organizational gap that hinders success is by recognizing the need to increase the level and depth of managerial and leadership training.

How can you inspire an employee at your property? Consider four focus areas: *culture of engagement, trust, planning and communication*, and *coaching skills*. If you can remember these aspects and implement well, employees will work harder and the business will have a comfortable flow of communication and trust between employees and management.

An organization's *culture of engagement* is reinforced by the way employees perceive what the organization values, believes in, promotes and endorses. Regarding employee engagement, the most important aspects of corporate culture are: employees' perceptions about whether or not they can trust management, employees' perceptions about where they should be directing their work efforts, and the nature of the employees themselves.

Employees put their *trust* in three different places within the organization—their immediate supervisor, the organization's senior management, and the system in which the employees operate. For example, an employee might not trust his immediate supervisor to give him/her a fair performance review, but trusts that he/she will be protected by the system. That all performance reviews are double-checked for fairness by the Human Resources department.

Having a written strategic plan for your property is paramount as it outlines the organization's mission, vision and values, as well as the steps that will be implemented to achieve desired goals. There is little point to having a strategy if it lacks a means of communicating the strategy to employees. The most effective way of doing so, particularly in larger organizations, is to implement what is referred to as a 'cascade communication strategy' or 'waterfall communication strategy'. The general idea is for the CEO (or property GM) to start a wave of communication that cascades through the organization from the top down, from the CEO to the higher-level managers, to the lower-level managers, and to all employees. While communication cascades have their time and place, senior management, especially the CEO, needs to directly communicate with employees, particularly when the message involves matters of strategy.

Conversely, the organization also needs an open policy that encourages for communication from the bottom up—all employees up through the chain of command to the CEO. Employees need the opportunity and freedom to ask questions, provide feedback, and contribute ideas. Gallup estimates that employees whose managers hold regular meetings are three times more likely to be engaged than those who don't.

Managers with strong *coaching* skills aptly balance creating extrinsic motivation for their direct reports with meeting their own goals. Not all managers will naturally understand this balance initially, but training can greatly increase their ability to manage teams and inspire those around them to meet and exceed their goals. In fact, training has been shown to increase employee engagement at all levels. A 2012 study, published by

Deloitte, showed a direct relationship between training and increased employee satisfaction.

Training employees to be good managers is an ongoing process. Organizations with strong skill-focused and managerial-focused training programs are most likely to increase engagement. “Good” or “bad” managers are often formed based on training or lack thereof. Employees are more likely to be engaged when their manager focuses on building their strengths instead of pointing out weaknesses. Fortunately, managers can be taught to do so with the right training.

Create an Employee Branding Strategy

Culture, trust, communication and coaching skills are examples of the many things that go into creating positive employee engagement. Creating an “Employee Branding Strategy” is also useful. A branding strategy identifies qualities that you want your property to possess and what you want customers and other stakeholders to associate with it. While most owners and operators create a branding strategy targeted at prospective customers, remarkably few recognize the need to outline a brand strategy with respect to prospective employees. This is important because an employee branding strategy enables the organization to compete with other employers for the best employees. The ‘best employees’ or talent are those individuals who have superior skills and possess the traits and behaviors the organization needs in its employees. It also helps aids in becoming “the employer of choice” with respect to the types of employee the organization want to attract and retain. Having an employee branding strategy and attracting the right pool of talent that the property is seeking, employee communication and dedication will be easier to implement and measure.

Increasing training and managerial awareness throughout senior and line-level management positively impacts company culture and business profitability. Organizations with engagement scores in the top quartile averaged 12% higher profitability, and 18% higher productivity driving organizationally efficiencies that positively impact the bottom line.

Businesses with a commitment to extraordinary levels of employee engagement are constantly reevaluating their progress and refining strategies. Conduct an anonymous annual survey through a third party to measure engagement. Ask for anecdotal feedback from employees and schedule formal feedback from managers. How an organization measures engagement is not nearly as important as it is to have a strategy for it.

Brainstorm ways for addressing employee engagement through suggested activities, positive stories, or other collaboration during strategic planning, budgeting or operations meetings. Results will quickly spread throughout the property. And, remember to include culture, trust, communication and coaching skills in weekly meetings, and watch more revenue start to flow through to the bottom line.