FocalPoint's Top 10 Excerpts from the Gallup Statement of the American Workplace Report:

"Call an executive committee meeting and commit to transforming your workplace from old command-and-control to one of high development and ongoing coaching conversations" **Jim Clifton CEO of Gallup**

The **GALLUP STATE OF THE AMERICAN WORKPLACE (SOAW)** presents an unparalleled look into the modern workforce. The report is based on Gallup's in-depth research and study and was created to help business leaders optimize their attraction, retention, engagement and performance strategies in a time of extraordinary change. The findings and best practices speak to employees' evolving wants and needs and give leaders a clear understanding of what it takes to be an exceptional workplace.

Gallup developed the State of the American Workplace using data collected from more than 195,600 U.S. employees via the Gallup Panel and Gallup Daily tracking in 2015 and 2016, and more than 31 million respondents through Gallup's Database. Gallup owns the largest database in the world on the subject of management.

Executive Summary Jim Clifton, the Chairman and CEO of Gallup:

The American workforce has more than 100 million full-time employees. One-third (33%) of those employees are what Gallup calls engaged at work. They love their jobs and make their organization and America better every day. At the other end, 16% of employees are actively disengaged — they are miserable in the workplace and destroy what the most engaged employees build. The remaining 51% of employees are not engaged — they're just there.

33% Engaged: Employees are highly involved in and enthusiastic about their work and workplace. They are psychological "owners," drive performance and innovation, and move the organization forward.

51% Not engaged: Employees are psychologically unattached to their work and company. Because their engagement needs are not being fully met, they're putting time - but not energy or passion into their work.

16% Actively disengaged: Employees aren't just unhappy at work — they are resentful that their needs aren't being met and are acting out their unhappiness. Every day, these workers potentially undermine what their engaged coworkers accomplish.

These figures indicate an American leadership philosophy that simply doesn't work anymore. One also wonders if the country's declining productivity numbers point to a need for major workplace disruption.
Here's my short answer as to how to transform your workplace culture:

1. Call an executive committee meeting and commit to transforming your workplace from old command-and-control to one of high development and ongoing coaching conversations.

2. Dive in — don't put your toe in. You can afford a lot of mistakes and even failures because the system you currently use doesn't work anyway.

3. Switch from a culture of "employee satisfaction" — which only measures things like how much workers like their perks and benefits - to a "coaching culture."

4. Change from a culture of "paycheck" to a culture of "purpose."

Content excerpts from the Statement of the American Workplace Report:

1. **Underlying all of this is an evolving employee attitude about what a job should and should not be.**

Most workers, many of whom are millennials, approach a role and a company with a highly defined set of expectations. They want their work to have meaning and purpose. They want to use their talents and strengths to do what they do best every day.

They want to learn and develop. They want their job to fit their life.

And only about 1 in 5 say their performance is managed in a way that motivates them to do outstanding work.

2. **The competition for skilled and talented workers keeps intensifying**.

Employers can use social media to locate experienced employees in minutes. Similarly, employees are hyper-connected and can access information on any company just as quickly. Through the web and social media, they can see what an organization offers and what past and current employees are saying about it. They can read articles and headlines, see Facebook and LinkedIn posts and develop a clear idea about what makes an employer not just "good" or "bad," but "exceptional."

If employees can't find an exceptional job that complements other aspects of their life or, at a minimum, pays enough to make the 8-to-5 grind worthwhile, they can create their own job category. They might work 20 hours a week at a contracted office gig, 20 as a ride-hailing service driver and 10 as a freelancer.

Organizations have nowhere to hide. They have to adapt to the needs of the modern workforce, or they will find themselves struggling to attract and keep great employees and therefore customers.

Regardless of all the changes in the workplace, people remain the core component in an organization's success or failure. Leaders have to think about their technology, policies, products and services — but only because these are factors that influence the engagement and success of their employees. The key to an organization's growth has been and always will be its workforce. Leaders must determine how they can:

• Design and deliver a compelling and authentic employer brand

• Take employee engagement from a survey to a cultural pillar that improves performance

• Approach performance management in ways that motivate employees

The rulebook is being rewritten. Leaders must decide what role they want to play in their organization — now in the midst of change and in the future. They can be passive bystanders or active participants in creating and guiding an exceptional workplace.

3. **Higher engagement improves economic health.**

Some leaders and managers believe the ultimate goal of employee engagement is higher levels of worker happiness and satisfaction. *Happier workers certainly benefit an organization, but the real goal of employee engagement is improved business outcomes.*

Engaged employees contribute to the economic health of their company and the nation in ways that other employees do not.

Employees who are engaged are more likely to stay with their organization, reducing overall turnover and the costs associated with it. They feel a stronger bond to their organization's mission and purpose, making them more effective brand ambassadors. They build stronger relationships with customers, helping their company increase sales and profitability.

Employees who are actively disengaged have the opposite effect on their organization's prosperity and growth. They are more likely to steal from their company, negatively influence their coworkers, miss workdays and drive customers away.

Gallup estimates that actively disengaged employees cost the U.S. $483 billion to $605 billion each year in lost productivity.

4. **Company Brand and Employer Brand.**

Organizations invest significant time and money into building a competitive customer brand. They conduct in-depth research on shoppers and competitors, hire agencies to help them create advertising campaigns, and run analytics continually to determine the performance of their brand. Companies will spend more than $77 billion on digital ads alone in 2017, according to eMarketer.

The high effort and expense that organizations put into their brand make sense. A strong customer-facing brand tells the world what a company stands for and what sets it apart from its competitors. It draws people in and keeps them coming back. When customers love a particular brand, they will go out of their way to purchase products and services from it. They become that brand's most loyal supporters and passionate brand ambassadors. They believe the brand always delivers what it promises.

By all accounts, organizations should want their employer brand, their reputation as an employer, to be as formidable as their customer-facing brand — the same logic applies to both.

A strong employer brand attracts and retains workers and turns them into advocates for the company. It differentiates their organization from the next. Unfortunately, leaders often overlook their employer brand (including their **Employee Value Proposition - EVP**) or devote few resources to developing and growing it. This strategy is not sustainable. Organizations do not need to invest equal amounts of money into their internal and external brands; many, however, do need to give the former much more attention. As the job market gains ground, employees have more options and are poised to take advantage of them.

Gallup has found that more than half of employees (51%) say they are actively looking for a different job or watching for opportunities.

Organizations have to figure out if employees actually want what they are selling. They need a prospective employee "sales" strategy in the same way they have a customer sales strategy. The framework for each is nearly identical. To attract candidates, organizations need to understand what workers want and how to consistently fulfill those expectations in a way that is not only authentic to the employee experience, but is also unique, separating their brand from the pack.

An EVP answers the question, "What do I get for working here?" It encompasses the benefits and rewards that employees receive from their organization, and it reflects and describes the company's culture. An EVP should be in harmony with an organization's values and serve as a true representation of its day-to-day practices.

5. **The Importance of professional or career development.**

Among the various generations in the workplace, employees diverge greatly on the importance of one particular topic: having a job that accelerates professional or career development. Millennials are more likely than both Gen Xers and baby boomers to say a job that accelerates their professional or career development is "very important" to them (45% of millennials vs. 31% of Gen Xers and 18% of baby boomers). As the youngest generation in the workplace, millennials are more invested in development than are employees who are perhaps closer to retirement or who may have already obtained their career goals.

Organizations should ensure that their attraction and retention strategies highlight and deliver on learning opportunities, career pathing and performance management standards.

6. **Real Growth requires more than just a Survey.**

Organizations are approaching their employee engagement strategies with greater intention and earnestness. They are moving in the right direction and realizing important gains in some elements. Yet, overall employee engagement in the U.S. remains low. For many leaders and managers, creating a culture of engagement is a steadfast goal but one that remains elusive.

Employee engagement is not the same as engaging employees.

Employee engagement is the outcome of actively engaging employees through a strategy that drives improved performance — achieving engagement is simply not as easy as putting together a survey to measure employees' level of engagement. Organizations miss the mark on engaging employees when they emphasize moving the overall engagement number but overlook the tactical elements that lead to improved business outcomes.

Commonly, organizations put too much emphasis on measuring Engagement, rather than on improving engagement. They fall into the "survey trap."

This trap includes:

- Viewing engagement as "just" a survey or program
- Focusing more heavily on survey data or reports than development
- Defining engagement as a percentage of employees who are not dissatisfied or are merely content with their employer
- Relying on measures that tell leaders and managers what they want to hear
- Measuring workers' satisfaction or happiness levels and catering to their wants

Make no mistake about it: Measurement does matter. But companies that base their engagement strategy on a survey or metrics-only solution can get caught up in a "rinse and repeat" pattern that does nothing to improve their business.

7. **Greater performance is the end goal of Engagement.**

Organizations falter in creating a culture of engagement when they solely approach engagement as an exercise in making their employees feel happy. It is true that engaged employees, which Gallup often describes as enthusiastic, energetic and positive, feel better about their work and workplace. However, engagement is not determined by an abstract feeling. Happiness is a great starting point, but just measuring workers' satisfaction or happiness levels and catering to their wants often fail to achieve the underlying goal of employee engagement: improved business outcomes.

Organizations have more success with engagement and improve business performance when they treat employees as stakeholders of their future and the company's future.

WHEN COMPARED WITH BUSINESS UNITS IN THE BOTTOM QUARTILE OF ENGAGEMENT, THOSE IN THE TOP QUARTILE REALIZE **IMPROVEMENTS** IN THE FOLLOWING AREAS:

41% LOWER Absenteeism	24% LOWER Turnover (High-Turnover Organizations)	59% LOWER Turnover (Low-Turnover Organizations)	28% LESS Shrinkage
70% FEWER Employee Safety Incidents	58% FEWER Patient Safety Incidents	40% FEWER Quality Incidents (Defects)	10% HIGHER Customer Metrics
17% HIGHER Productivity	20% HIGHER Sales	21% HIGHER Profitability	

Showing up and staying. Engaged employees make it a point to show up to work and do more work — highly engaged business units realize a 41% reduction in absenteeism and a 17% increase in productivity. Engaged workers also are more likely to stay with their employers.

Safety. Engaged workers are more mindful of their surroundings. They are aware of safety procedures and diligent about keeping their coworkers and customers protected. Highly engaged business units realize a 70% decrease in employee safety incidents and a 58% decrease in patient safety incidents.

Customer outcomes. Employees who are engaged consistently show up to work and have a greater commitment to quality and safety. Understandably, these employees also help their organizations improve customer relationships and obtain impressive organic growth. Highly engaged business units achieve a 10% increase in customer metrics and a 20% increase in sales.

Profit. The previous outcomes collide to bring organizations increased profitability. Engaged employees are more present and productive; they are more attuned to the needs of customers; and they are more observant of processes, standards and systems.

When taken together, the behaviors of highly engaged business units result in 21% greater profitability. The actual Earnings Per Share of the engagement best-practice organizations grew at a rate that was 4.3 times greater than that of their competitors.

Highly engaged organizations share common philosophies and practices. For example, they know that engagement starts at the top. Their leaders are aligned in prioritizing engagement as a competitive, strategic point of differentiation. They communicate openly and consistently. They place the utmost importance on using the right metrics and hiring and developing great managers.

Highly engaged organizations also hold their managers accountable — not just for their team's measured engagement level, but also for how it relates to their team's overall performance. They ensure that managers are engaging employees from the minute they show up on their first day. These organizations have well-defined and comprehensive development programs for leaders and managers, and they focus on the development of individuals and teams. Employee engagement is a fundamental consideration in their people strategy, not an annual "check the box" activity.

8. **Performance Management.**

Of all the topics keeping leaders up at night, performance management maybe one of the most pressing.

Employees who are indifferent about what they do and why they do it create an all-but-impossible environment for companies to achieve organic growth.

One of the greatest shortcomings of traditional performance management systems is a lack of ongoing feedback and coaching. In many organizations, managers view annual reviews as the "official opportunity" to discuss employees' performance. And in some cases, they use annual reviews as not only the official opportunity, but also as the only opportunity to discuss performance, and once they complete it, they treat it like any other item on their to-do list — something they can simply check off and ignore until the next time it is required. Unfortunately, this approach to performance management is better described as an infrequent, task-based activity rather than one that provides support and value to employees.

Organizations are realizing that more frequent, ongoing conversations are the missing link in performance management, but there is a huge caveat: Managers have to understand how to have effective performance conversations with employees. Unfortunately, Gallup research suggests that many managers struggle in this area. Our findings indicate that employees largely do not believe that current performance discussions provide clarity or feel meaningful. They do not believe they have a voice in the conversation or a legitimate shot at meeting their goals.

Before leaders position ongoing conversations as the next cornerstone of their performance management strategy, they must recognize and remedy what's currently broken in manager-employee communication. Without managers receiving guidance on how to communicate effectively, ongoing performance conversations have the potential to create cultures of Micro-management, further discouraging and frustrating employees.

While a mere 30% of employees strongly agree that their manager involves them in setting their goals at work, those who do strongly agree with this statement are 3.6 times more likely than other employees to be engaged.

Employees who strongly agree they have had conversations with their manager in the last six months about their goals and successes are 2.8 times more likely than other employees to be engaged.

Only 23% of employees strongly agree their manager provides meaningful feedback to them.

9. **Managers must become Coaches.**

Ineffective performance management systems won't be fixed tomorrow. In many organizations, it will take time for leaders and human resources staff to determine more successful systems for driving higher performance and evaluating, rating and rewarding employees. But organizations and leaders don't have to wait to start making a positive difference for their employees.

Managers carry the utmost responsibility for channeling and inspiring employee performance, and organizations and leaders have an immediate opportunity to enhance managers' ability to fulfill these roles well.

Starting now, they can begin to shift from performance management to performance development. Moving from performance management to performance development requires managers to think of themselves in a new way: as a coach, not a boss.

Leaders can develop their managers as coaches by teaching them to:

a) Establish expectations
b) Continually coach
c) Create accountability

With these focuses, manager-employee interactions and discussions feel encouraging, purposeful and rewarding in ways that annual reviews do not.

a) **Establish Expectations:**

To be an effective coach, most managers need to adjust the content of their conversations, as well as their approach to employee communication.

Gone are the days in which most managers tell employees what to do and how to do it without much of a response. Instead, great managers rely on two-way conversations and collaboration to set expectations and goals.

A collaborative approach to goal setting gives managers greater insight into how to leverage an employee's strengths to help them reach their goals. Conversely, it provides managers with a deeper understanding of which goals may be more difficult for that person to achieve. Armed with this knowledge, managers can proactively identify solutions to help the employee overcome obstacles. For example, they may discuss problem-solving strategies or connect the employee with a partner or mentor.

Expectations should be: Clear, Collaborative, Aligned.

b) **Continually Coach:**

Coaching is about maximizing performance through people — it is not micromanagement.

Managers who fill the role of coach understand their team members and continually talk with their employees about their role and progress. They know how to talk to employees, how often to communicate and how to motivate performance. These managers understand that different scenarios call for different types of coaching conversations. At one point, they may have an opportunity to provide in-the-moment feedback; at another, they may be able to help the employees plan for success; and at yet another, the situation may call for a personal development conversation.

Employees have their own preference for the type, frequency and duration of coaching conversations that feel most comfortable and effective, and managers should pay close attention to these communication preferences. The purpose of continual coaching is to create more natural relationships with employees that are aimed at developing the employee and driving performance.

Conversations should be: Frequent, Focused, Future-Oriented.

c) **Create Accountability:**

Annual performance reviews must evolve to become progress reviews. When paired with effective coaching, the content of a progress review is not a surprise because related dialogue has already occurred. Instead of making employees feel discouraged by providing unexpected performance feedback, a progress review serves as a motivating snapshot of where employees are in their journey toward performance excellence.

When done well, progress reviews should feel like a fresh start for employees because they create opportunities for managers and employees together to prioritize tasks, change goals if needed, and ensure workers have what they need to be engaged in their work and improve their performance through development.

Performance management is meant to inspire and improve performance — and it can start to do that when managers have the tools, guidance and support to move beyond task management and approach performance in a way that reflects the need for development in an evolving workforce.

Most organizations don't need to throw out their entire performance management approach — they just need to shift their strategy. They can start by teaching their managers to become coaches.

Progress Reviews should be: Achievement-oriented, Fair and Accurate, Developmental.

What the Best do:

- They help employees know where they are in their professional journey and create collaborative goals toward professional growth.

- Modify their feedback to fit the employee's personality, circumstances and potential

- Regularly check in with employees to communicate how they're performing in the roles

- Develop and track performance metrics, learn about employees' goals, and find creative ways to help employees reach their goals

- Find ways to challenge employees in positive ways

- Assess current employees' capabilities, look for ways to align those capabilities with long-term goals and aspirations, and co-develop short-term goals

- Create learning opportunities at the individual level that are relevant to a larger, individual development plan
- Help employees see the value in new opportunities and encourage them to take on new responsibilities — or even new roles — that can elevate the individual's talents

10. **Big companies need the most improvement.**

Engagement presents the greatest challenge for companies with 1,000 or more employees. According to the U.S. Census Bureau, 52% of employees work for companies with at least 1,000 employees, making the engagement of these organizations' workforces critical to economic progress.

Gallup analysis shows that the 1,000-employee mark seems to be the tipping point for declining engagement within a company. The larger an organization, the greater the chance of inconsistency and misalignment.

When an organization reaches this size, a smaller percentage of employees strongly agree that they have the opportunity to do what they do best every day and that their organization's mission or purpose makes them feel their job is important.

EMPLOYEE ENGAGEMENT BY COMPANY SIZE

	ENGAGED 2016 %	CHANGE FROM 2012 (PERCENTAGE POINTS)
Less than 25 employees	41	+5
25 to less than 500 employees	31	+1
500 to less than 1,000 employees	33	-2
1,000 to less than 5,000 employees	30	—
5,000 or more employees	29	+1

Closing Summary:

When organizations effectively engage employees, they also improve the way they manage performance. Many organizations fall short of their performance goals when they treat engagement as a thing to do or a survey to complete rather than a continuous way to manage and develop people.

Transformation can and should occur at multiple levels. At the most basic level, managers need to discuss engagement needs with their employees, and at a higher level, they must transform the way they work with their teams. Additionally, leaders have to integrate engagement into their growth strategy, and organizations must create a culture of engagement.

If organizations want to engage their employees, the best place to start is by developing managers' abilities to coach. Teaching managers to be a coach begins with helping them develop the communication, managerial and people skills needed to connect with their team, understand their needs, become an active part of their performance and individualize each team member's development.

The challenge then becomes making coaching an everyday part of a manager's routine, from anticipating how to handle different types of coaching scenarios to planning the logistics of fitting the necessary coaching conversations onto their calendar.

Through our research, we know that employees today view work differently and expect more out of a job and company than leaders and managers traditionally have provided. Employees come into a role wanting frequent communication with their manager, development opportunities, flexibility and autonomy, coaching, and a sense of stability and security. They want to be engaged and motivated, doing work that feels meaningful and makes the most of their talents and strengths.

But managers shouldn't be expected to navigate the changes in their role on their own. Leaders have to set them up for success. They must equip managers of all skill levels to carry out critical conversations with employees.

They should provide clear expectations, training and education for managers so they are well equipped to be coaches.