

Employment to Empowerment: Execution Is Not Enough

Introduction: Welcome to a new world

In the 21st century, the nature of work has fundamentally changed. The drivers of this change are obvious to most of us. The explosion of online, social and mobile technologies, coupled with the expansion of global business, has resulted in a 24/7 worldwide workplace. In many jobs and in many industries, we can work anywhere, at any time. It's a new world.

This new world of work will require organizations to adapt to new ways of functioning. For most of the 20th century, the focus was on execution of tasks. Pay increases and rewards were based on the number of widgets produced over a given time period. But in the 21st century, employers need their people to be self-directed and self-motivated in completing work that is far more specialized and technical than the assembly lines of the past. Organizations will need the tools and the infrastructure to nurture empowered, self-reliant and agile employees for this workforce.

However, empowerment doesn't just happen, and you can't simply buy it with raises and bonuses. The \$11-an-hour customer service representatives at Zappos could probably make more money somewhere else, but they go above and beyond every day where they are. Why? Part of the answer is a great workplace culture. Ongoing development and training, which enables employees to work autonomously, also play a role. But another part of the answer is far more innate and intangible – it's called empowerment. Empowered employees care about their work, their organization, their co-workers and their customers.¹ And at the end of the day, empowerment is what helps Zappos – and other companies with empowered people – outperform the competition.

Whether you are in senior management, HR, learning and development, or any other function that deals with people and talent in an organization, you can create a culture that supports empowered employees. That's what they do at BJC Healthcare, where they use talent and learning technologies not only to develop clinical and leadership skills but to create empowered employees through the development of interpersonal skills, collaboration, emotional and social intelligence and personal accountability.

The success of your business in this new world requires empowered employees. Everyone in your organization – including senior leaders, line management and rank-and-file employees – can benefit if you are willing to adjust your strategy and support it with talent management technology and the right processes.

Execution vs. empowerment:

- Short term > Long term
- 20th Century > 21st Century
- Tactical > Strategic
- Hierarchy > Network
- Command > Collaboration
- Reactive > Proactive
- Obedience > Initiative
- Jack Welch > Tony Hsieh
- GE > Zappos

1 For more information about empowered employees, download the Cornerstone OnDemand white paper "The Empowered Workforce: Crucial to Success in the New Economy" at <http://www.cornerstoneondemand.com/empowered-workforkforce-crucial-success-new-economy>

How has work changed?

For most of the 20th century, ideas about work and expectations for employees were quite different. The focus was on execution of tasks. Most people would work for a single employer for decades. An employee would punch the timeclock at 9 a.m., be told what to do and how to do it, work until 5 p.m., then go home. It wasn't very satisfying, but there was some security in this arrangement. An employee could repeat the daily grind for 40 years and retire with a pension. Focusing on execution actually works in this management model.

Why do companies need empowered employees?

Organizations can empower employees through training and development to address many key workforce issues, including:

- **Turnover:** One in 3 employees say that they plan to leave their current positions as soon as possible, according to Mercer research. Empowered employees are more likely to care about their work and their organization – and stay there for the long haul.
- **Leadership gaps:** Today's empowered employees are more able to work independently and productively. And today's empowered employee is tomorrow's empowered leader.
- **Smaller talent pools:** Recruiting is not the answer to today's talent gaps. Growing your own talent is the better solution. With the proper training and development, today's sales associate could be tomorrow's sales manager.
- **Tight compensation budgets:** Doing more with less is everyone's mantra. Empowered employees make it possible to increase productivity without busting budgets.

But things have changed in the 21st century workforce. Over the past decade, the majority of U.S. job growth has come from jobs requiring complex interactions with other people. The jobs that involve little interaction and lots of repetition are most likely to be automated and outsourced.² Employers need their people to be self-directed and self-motivated in completing work that is far more specialized and technical. Author Josh Bernoff, vice president of idea development at Forrester Research, calls these new employees HEROs – Highly Empowered and Resourceful Operatives.

The work of human resources is a great example of this new reality. In many companies the classic HR function has been broken down into specialties such as compensation, recruiting and benefits administration. The routine parts of the job – processing new-hire paperwork, adjusting benefits, etc. – have been automated or outsourced.³ At the same time, HR is expected, like all areas of the business, to be responsive to customers – both internal and external.

The 20th century management style still in place at many companies does not support this new way of work. Gary Hamel, whom the *Wall Street Journal* called the world's most influential business thinker, explained the problem in his book *The Future of Management*. "New problems demand new principles. Put bluntly, there's simply no way to build tomorrow's essential organizational capabilities — resilience, innovation and employee engagement — atop the scaffolding of 20th century management principles."

² McKinsey Global Institute: An Economy That Works: Job Creation and America's Future

³ Ibid.

Employment to Empowerment: Execution Is Not Enough

Global HR consulting firm Towers Watson explains the model for the emerging employment relationship as having three key interlinked imperatives for employers:

- **Fostering self-reliance** on the part of employees
- **Creating a more personalized work experience** for segments of the workforce, aligned with how people add value to the business
- **Strengthening agility and flexibility** in the organization's structure, processes, management style and delivery of workplace programs⁴

To create these HEROs – these empowered, self-reliant, agile employees – organizations need the tools and the infrastructure to support them, built with an awareness of what motivates people.

What motivates people?

For empowered employees, a job well done is about more than financial rewards, it is about intrinsic motivation. The \$11-an-hour customer service representatives at Zappos could probably make more money somewhere else, but they go above and beyond every day where they are. Why? Part of the answer is a great workplace culture. Another part of the answer is training that enables employees to work autonomously. But the last part is far more innate and intangible. Zappos people have to care that helping people buy shoes, clothing and handbags is important. People must be motivated to care.

And they do. In Zappos CEO Tony Hsieh's book, *Delivering Happiness*, he explains how the company pays new employees \$2,000 to quit, makes company culture and customer service a priority and believes that a company should help employees grow personally and professionally. The ultimate goal for this online shoe retailer: to change the world.

Getting people to care about job performance or customer service doesn't come from financial rewards. Instead, it comes from getting people to be engaged. That surprising finding comes from author Daniel Pink in his book *Drive: The Surprising Truth About What Motivates Us*. Pink believes that traditional carrot-and-stick rewards that might have worked in the 20th century workplace actually won't with the 21st century workforce.

The ROI of empowerment

Towers Watson analyzed three years of employee data for 40 global companies and found that over a period of 36 months, companies with a highly engaged employee population turned in a significantly better financial performance (a 5.75 percent difference in operating margins and a 3.44 percent difference in net profit margins) than did low-engagement workplaces. These companies also managed to maintain a consistently high level of engagement and produced shareholder returns 9.3 percent higher than the returns for the S&P 500 Index from 2002 through 2006.

(SOURCE: Turbocharging Employee Engagement, Towers Watson)

Employment to Empowerment: Execution Is Not Enough

Financial incentives work well for simple sets of rules like those found in an assembly-line workplace. However, the knowledge-based work of the 21st century requires abstract thought, judgment and quick decision-making that doesn't lend itself to a clear set of rules or a single solution. And when the answers are not obvious, financial rewards don't work. In *Drive*, Pink goes on to prove this in study after study.

Pink believes the catalyst for a job done well lies in intrinsic motivation, which requires three elements:

- **Autonomy:** People need autonomy over task, time, team and technique. Companies that offer autonomy are outperforming their competitors.
- **Mastery:** People want to become better at something that matters. Mastery is a mind-set that requires an employee to realize that abilities aren't finite but are infinitely improvable.
- **Purpose:** People want to be involved in a cause greater and more enduring than themselves. Companies that can provide profit maximization with purpose maximization will outperform other companies.

Employees who feel that they have autonomy, care about mastery and have a purpose may achieve that elusive state of employment nirvana known as "engagement." What really is engagement? Simply put: employees who care. They care about their work, their organization, their co-workers and their customers. They feel they have control, and they feel empowered to be part of the solution. Ultimately, companies with empowered employees outperform their competitors.

So what? How do the "people" people fit in?

Whether you are in senior management, HR, learning and development, or any other function that deals with people and talent in your organization, you set the tone and create the culture. You set the priorities and create the support infrastructure that enables greatness in your employees.

Empowered employees want and need opportunities to acquire new skills and hone the ones they already possess. Because of new technologies and tools, learning and development that empowers employees can occur in the classroom, in the workplace or in the field. It can happen socially, on the job, from supervisors and peers. It is also happening virtually, thanks to the expansion of social networking, from people whom your employees may never meet in person. Talent management technologies enable these interactions.

Consider the work at BJC Healthcare, a non-profit healthcare system composed of 13 hospitals and service organizations serving urban, suburban and rural areas around St. Louis, Mo., and southern Illinois. With 27,000 employees and nearly \$3.5 billion in net revenue a year, BJC hospitals are ranked among the best in the country. And BJC has successfully applied talent management technologies to cultivate empowered employees.

Some of its uses of talent and learning technologies involve development of clinical and leadership skills not unlike many healthcare organizations their size. But many of their personal development initiatives are unique and innovative. BJC is going beyond the expected to foster empowered employees through development of interpersonal skills, collaboration, emotional and

Employment to Empowerment: Execution Is Not Enough

social intelligence and personal accountability. As a result, employees are patient-focused, disciplined, knowledge-driven and motivated. They're team-oriented and accountable, and they demonstrate trust, dignity, respect and strong ethics – all essential drivers of outstanding patient care and satisfaction – on a daily basis.

These skills are driven through BJC's Center for LifeLong Learning (CLL), which enables personal and career development alongside instruction in clinical skills. In its Life Lessons coursework, BJC teaches employees skills that can be used both at work and in life, such as making responsible choices, communicating effectively, resolving conflict and promoting positive change. These skills encourage self-management and self-awareness. BJC programs also enable employees to pursue academic coursework that leads to degrees in clinical and business areas that ease BJC's hiring needs in hard-to-fill staff, nursing and leadership positions. The CLL is also driving retention: 95 percent of employees participating in academic partnerships through the CLL since 2004 are still with BJC.

One employee – Oliver – is a great example of how BJC has empowered employees through the CLL. In 2004, Oliver started working for BJC as a line cook in Food & Nutrition. In 2007, he completed Life Lessons coursework and was promoted to a lead role. He then enrolled in CLL's Bridge to Bachelors program through St. Louis University and was promoted to an Emergency Department Patient Advocate role at Barnes-Jewish Hospital. Now Oliver is working to improve patient satisfaction as he earns his bachelor's degree.

Just like at BJC, there are HEROs in your midst – empowered employees who are waiting for the support, encouragement and opportunities to contribute. That's where you come in.

What's in it for me, and how do I empower people?

Cultivating empowered employees requires effort and commitment from business and HR leaders, line managers and employees. However, each of these groups also benefits from this work.

- **Business leaders:** Business leaders understand that their people are their source of competitive advantage. But they also understand that people with the right skills are in short supply and that the way these people are used needs to be reimagined.

What is an empowered employee?

- They are capable and enabled to go above and beyond.
- They are ready to go the extra mile and bring new ideas.
- They ask questions and aren't afraid to challenge the status quo.
- They work well in teams and seek out opportunities for collaboration.
- They are agile, innovative, efficient, effective and engaged employees.
- They take work personally. It's not just a job. They care about the company.
- They actively work to be a part of the culture and create a great organization.

Employment to Empowerment: Execution Is Not Enough

In the aftermath of the economic downturn, a global survey by management consulting firm PricewaterhouseCoopers found significant concern about the growing talent gap and lack of available skills among workers. CEOs are very aware that although government education systems may not have produced the skills needed for today's workforce, employers can't wait for governments to provide a solution. This is why 41 percent of CEOs expect to increase their

focus in training and development, and 79 percent intend to increase their focus and investment in redefining roles in their organizations.⁵ Empowering employees will be an essential part of reengineering the workforce, and talent management technologies will be crucial in developing needed skills and behaviors.

Talent management technologies give business leaders the opportunity to define core elements of employee empowerment. From defining high-level business objectives (and cascading them down through the ranks) to identifying critical roles and competencies that will end up defining the very nature of the talent culture, senior leadership must set the agenda. An integrated talent management platform delivers a unified view into talent data, workflows and processes that transform the vision of empowerment into reality.

How do business leaders benefit from empowered employees?

- Increased revenue and profit
- More innovation
- Better customer service
- Increased productivity
- Lower turnover
- A stronger organization
- Status as an employer of choice

To develop empowered employees, business leaders must be able to:

- o **Align and manage goals.** Businesses must be able to define objectives at the highest levels, then connect these goals to the everyday actions of every employee.
- o **Identify critical roles.** Certain positions drive more value than others. Organizations must recognize which roles these are, then focus development opportunities on these roles.
- o **Develop talent internally.** You can't count on the talent being there when and where you need it. Instead, learning and development tools must be in place to develop key skills and improve performance.
- o **Look over the horizon.** A quarter-to-quarter mentality won't work. You need the ability to look farther into the future to forecast talent needs.
- o **Keep talent pipelines loaded.** Today's top performers could be tomorrow's senior leaders. Or – like Oliver – today's line cook could be tomorrow's patient advocate, with the proper training and development.
- o **Develop your top leaders.** Empowered employees need visionary leaders. Even at the top of your organization, mastery is never fully achieved. It's an ongoing journey, and leadership development and coaching never ends.

Employment to Empowerment: Execution Is Not Enough

- **Managers:** Empowerment may be more important than execution in the 21st century, but that doesn't mean that management is obsolete. On the contrary, line managers may be more important than ever. They are there to work with employees to structure development plans, foster professional growth and act as catalysts for collaboration, not to serve as taskmasters. Anyone who doubts this should refer to a recent Wharton School of Business study of performance in the video game industry. Researchers found that middle managers best explained the differences in firm performance. Empowered employees provide the innovation, but the best managers turn their ideas into realistic project plans, motivate teams and facilitate "collective creativity." They keep information, creativity and productivity flowing.⁶

However, managers are often stretched thin and required to perform in several roles to meet aggressive performance goals for their operating units. Integrated talent management platforms can automate tasks and deliver reports that provide even the most overburdened manager with more time and insight to support employee development and unlock empowerment.

To develop empowered employees, line managers must be able to:

- **Connect work activities to business goals.** Why does their work matter? A manager must be able to answer that question for employees. The more employees understand about why their work matters, the more they will care about their work.
- **Get employees to give their best.** The manager needs to be a mentor and a coach to his or her employees. This requires an ongoing dialogue about what the company needs from the employee for productivity and what the employee needs to do to develop a career.
- **Schedule the right training at the right time.** As an employee grows, a manager can schedule training to support that person's current stage of development.
- **Be the connection to the culture.** Line managers nurture the core values and competencies of an organization. Building these values through all development activities eases the line manager's job and reinforces the culture you are trying to create.
- **Keep employees in touch with pay and performance.** Employees need to understand how their work creates value for the organization. They also need to understand how individual performance has an impact on their compensation. Employees who are compensated based on data-driven goals are more likely to be clear about this connection.
- **Help employees find new opportunities within the organization.** Line managers can't keep their best employees all to themselves. They need to encourage their employees to advance within the company – and be rewarded for their efforts.

How do line managers benefit from empowered employees?

- Easier-to-manage employees
- Lower turnover
- Better productivity
- Increased departmental revenue and profit
- Better customer service
- Increased productivity
- A happier, more collegial workplace
- A shared sense of accountability

⁶ Why Middle Managers May Be the Most Important People in Your Company. Knowledge@Wharton. May 25, 2011. <http://knowledge.wharton.upenn.edu/article.cfm?articleid=2783>

Employment to Empowerment: Execution Is Not Enough

- **Employees:** To say that the past few years have been difficult for the average employee would be an understatement of epic proportions. Workers everywhere are disillusioned after years of job losses and cuts in wages and benefits. It would be easy to say that employees don't care. But really, they are just waiting for something to care about.

What can your business give them to care about? Clear communication and open collaboration are a good start. In a study of 260 laboratories in academia and research-based industries, McKinsey & Company found that talented teams with clear strategies and roles in an environment that promotes collaboration had a higher correlation with success than teams in environments with a project management or problem-solving approach.⁷

What are your expectations for your employees? How can they contribute to the success of the organization? And how can you help them develop their own career goals, seek out career possibilities, participate in active development plans and engage with the organization? Organizations that use proactive career development driven by talent management technology to answer these questions will see retention, loyalty, productivity and the long-term quality of the workforce all increase.

How do empowered employees benefit the organization?

- They are happier
- They are accountable
- They are productive
- They are innovative
- They are passionate
- They are vested in the success of the organization
- They engage with your customers
- They solve problems
- They are loyal
- They increase in value as they acquire skills and institutional knowledge
- They create a positive culture

To empower your employees, your organization must be able to:

- **Establish clear goals:** Give your people a clear understanding of personal goals and how they create success for the organization. Tell them what's in it for them.
- **Develop career paths:** Help employees collaborate with managers to develop sensible plans for the future. Let employees explore alternative career paths within the organization, including non-linear career shifts.
- **Encourage talent mobility:** Give employees the chance to register specific career and location preferences. Employers should make the best use of their current employees, trying to match skills with the needs of the business. Find ways to move employees among business units easily.
- **Offer feedback often:** Employees need a chance to be heard. Be ready to receive and provide consistent feedback on performance and expectations. And it can't just be a once-a-year event.
- **Enable collaboration:** You must offer the opportunities and the technology to network and collaborate with other employees, including employees with similar interests, subject-matter experts, possible mentors and career enablers.

7 How the Best Labs Manage Talent. McKinsey Quarterly, May 2011. https://www.mckinseyquarterly.com/How_the_best_labs_manage_talent_2811

Employment to Empowerment: Execution Is Not Enough

Conclusion

"Turns out that in an age of wrenching change and hyper-competition, the most valuable human capabilities are precisely those that are least manageable. Nerve. Artistry. Élan. Originality. Grit. Non-conformity. Valor. Derring-do. These are the qualities that create value in the 21st century. Self-discipline. Economy. Orderliness. Rationality. Prudence. Reliability. Moderation. Fastidiousness. These are the human qualities modern management was designed to foster and reward. No wonder most organizations are less resilient and inventive than the people who work for them."

– Gary Hamel. *The Future of Management*



Hamel's assessment of modern management doesn't necessarily need to be a dilemma for your organization. Execution is not enough – empowerment is the only way to succeed in 21st century business. Change is needed, but solutions exist.

Motivating employees requires the ability to enhance communication and collaboration among employees to provide autonomy, as well as providing ongoing development opportunities to work toward mastery. By combining these motivations with a vibrant work culture, you can build a strong organization filled with empowered employees who are ready to take on the world.

Cornerstone OnDemand is ready to empower your people with five integrated platforms for learning management, enterprise social networking, performance management, succession planning and extended enterprise. We are ready to begin when you are.

About Cornerstone OnDemand

Cornerstone OnDemand is a leading global provider of a comprehensive learning and talent management solution delivered as software-as-a-service (SaaS). We enable organizations to meet the challenges they face in empowering their people and maximizing the productivity of their human capital. Our solution consists of five integrated platforms for learning management, enterprise social networking, performance management, succession planning and extended enterprise. Our clients use our solution to develop employees throughout their careers, engage all employees effectively, improve business execution, cultivate future leaders and integrate with their external networks of customers, vendors and distributors. We currently empower more than 5.2 million users across 179 countries and in 25 languages.