

Employee Engagement and Organizational Profit



EMPLOYER SERIES - ENGAGEMENT

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The impact of employee engagement on company productivity and profitability cannot be overstated.

Engaged employees provide:

- 31% higher productivity
- 37% higher sales
- 3x higher creativity



PROFIT	OTHER BENEFITS
<ul style="list-style-type: none">• Companies where the majority of employees are highly engaged can experience 19+% higher income.• Organizations with a high number of actively engaged employees have an average of 147% higher earnings per share (EPS) than the norm.	<ul style="list-style-type: none">• Nearly 50% fewer accidents• 41% fewer quality defects• Incur far less health care costs than their counterparts

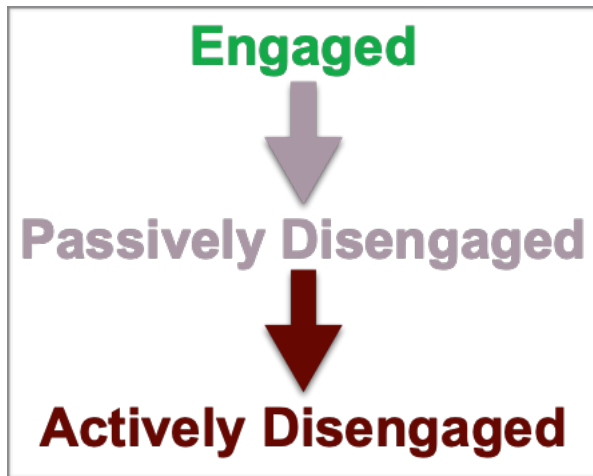
Are your employees engaged? *Probably not.*

Gallup found that up to **70% of employees are disengaged** and up to **23% are actively disengaged**.

What is an Engaged Employee?

What does it mean to be engaged?

There are three ways to describe how an employee feels about their job, lying somewhere on a spectrum:



An engaged employee is motivated to do their best work because they are connected to it and aligned with its tasks and responsibilities at a fundamental level.

A disengaged employee, on the other hand, shows up and puts in the hours but would rather be doing something else.

A Gallup poll found that up to 64% of workers do this one thing every second of the work day:

Think about another job.

An actively disengaged employee takes steps, either consciously or unconsciously, to weaken their performance or the performance of those around them.

Engagement and Psychometric Assessments

In order to be truly effective and engaged within their role, each employee must have the psychometric profile that aligns with their role's specific tasks and responsibilities.

If someone is highly creative, they should work in a role where the bulk of their time is spent exercising their creativity. If you put them in a tedious role calculating rows of columns and numbers all day, they would likely become actively disengaged in short order.

Psychometric assessments like the **Core Values Index** measure the DNA of the individual's personality. It characterizes the human operating system in an objective way.

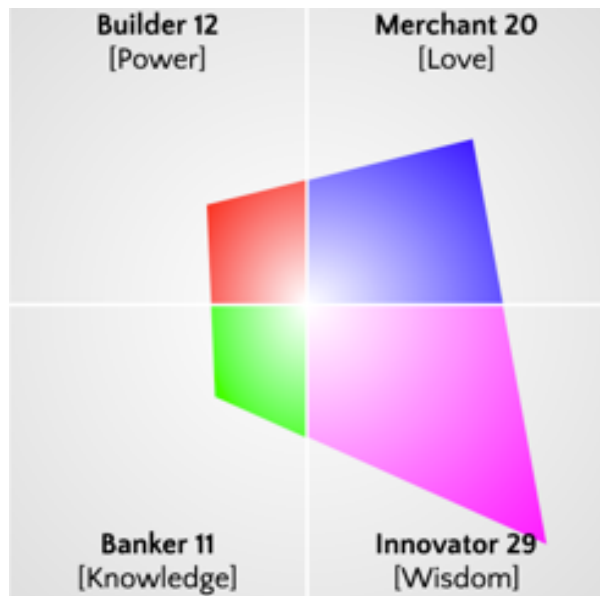


Fig. 1: A Core Values Index quadrant graph

These psychometric assessment results can be used to determine the strengths of an individual, not in terms of training or

experience, but from a perspective of desire, hardwiring and aptitude.

Does the individual have a personality hardwired to lead others? Do they thrive when solving problems and finding solutions to challenges? Some individuals love to gather and share knowledge, enjoying the more tedious and detail-oriented aspects of their job. Still others excel at engaging with people and bringing groups to consensus, pulling together toward common goals.

The use of psychometric assessment results for candidates and existing employees can be used to define fit to roles using a similar objective scoring system. Evaluate the role, then evaluate the candidates who apply, using the same metrics. This 'right person in the right seat' strategy is extremely effective at ensuring new hires and existing employees alike are fully engaged and contributing at their highest potential.

Can Engagement be Measured?

The best way to measure employee engagement is through a pair of tools, one that allows employees to self-report their subjective happiness in key categories, and another to objectively measure performance.

One of the best employee self-assessment tools available is **Happiness Index** by eRep.



Unlike other employment engagement tools, Happiness Index results are calibrated to the employee's specific Core Values Index profile.

This works by weighting the results based on what matters most to the individual. If someone is very detail oriented, their answers to questions pertaining to having access to proper tools and processes will have more weight than it might to someone with a different personality profile.

Even though Happiness Index results are calibrated to the individual, all results use the same 0-100% scale for easy comparison between individuals, teams, or even across the entire organization.



Performance can be measured using a powerful tool from eRep called **Performance Fuel**. This system gets rid of annual performance evaluations — a worn-out tradition that is loathed by both workers and supervisors alike — and instead measures employee performance on an ongoing basis.

Individuals choose their top three objectives to be completed on a cadence set by their employer: weekly, bi-weekly, or monthly. Each objective has a specific and measurable outcome, and all objective results are converted to a 0-100% completion scale.

This measurement system is both flexible and consistent, providing organizational and team leaders a standard that is easy to use.

By combining the subjective self-assessment data of Happiness Index with the objective and ongoing performance metrics of Performance Fuel, employee engagement can be measured and tracked in near real time.

Happy employees report higher scores on their Happiness Index self-assessments, and engaged employees perform higher on their objective Performance Fuel reports.

All of this data is fed into a set of reports that makes engagement measurement easy yet powerful to track and manage across the entire organization.

Ensuring Engagement Before the Hire

Everything begins at the hire. If you put the right person in the right seat, you're starting with a huge advantage.

Employees hired with a 'high recommendation' psychometric fit to a role experience two key benefits:

- Up to 200% higher productivity
- 50% or lower turn-over

Make a bad hire, however, and the negative impact can be substantial.

Disengaged employees can cost up to 3x their annual salary in lost productivity.

The alignment between role and candidate requires objective data that can only be obtained through the use of psychometric profiling. Both the candidates and role must be assessed using a common scoring system.

Candidates who are psychometrically matched to the tasks and responsibilities of the role are then selected for further screening: resumes, references, and then interviews.

Be sure to read our white paper: "[Using Psychometric Assessments Before, During, and After the Hire](#)" for an excellent resource on using psychometric assessments to find high role alignment between candidates and available roles.

After the Hire

Once you have hired a candidate that has a highly recommended match between their psychometric profile and the profile of the role, the next step is to implement the right formula to ensure full engagement.

Visit erep.com/employers/performance-fuel/ for more information on the Performance Fuel Formula for Success.

Employees need three things to be successful in their role:

- Clarity
- Purpose
- Feedback

This performance fuel formula will ensure the employee has what they need to succeed at their highest and best.

Clarity ensures the employee knows what they are to achieve without ambiguity.

Purpose means they know that what they are doing matters and will be appreciated.

Feedback is what ties clarity and purpose together, making sure the individual gets the honest, helpful, and targeted information they need — when they need it — to

succeed. In fact, this is so important, it would be more accurate to refer to it as **feed-forward**.

Do Engaged Employees Really Improve Profit?

Unequivocally, **yes**.

Engaged employees are more productive, happier, and have higher enthusiasm. Because they have a sense of purpose, they are more dedicated to the mission on a macro scale. Because they have clarity, they are fully in tune with their specific tasks and responsibilities.

Engaged employees have 50% or lower turnover.

This has tremendous cost savings, as it can **cost up to 3x the the role's annual salary in lost productivity** every time an employee leaves and must be replaced.

Engaged employees also generate higher revenue. As we noted at the top of this white paper, they generate on average 37% higher sales. Those who work directly in a sales function have an even higher impact on revenue.

What if an Employee isn't Engaged

If you determine that an employee is disengaged through Happiness Index, Performance Fuel, or some other objective measurement tool, there are options.

You can change the tasks and responsibilities of the role to match the profile of the

individual. This isn't always feasible, but sometimes it is the least-effort option.

You can shift the person to another role within your organization that matches their psychometric profile. To do this, you must assess the profile data for each role using a quality assessment tool, such as eRep's **Top Performer Profile**, and then evaluate your team's overall fit. Use a TPP grid to view this fit matrix with ease.

Color represents employee assigned to current role	DEMO Accounting Clerk	DEMO EEO	DEMO CFO	DEMO COO	DEMO Director of Marketing	DEMO Director of Operations	DEMO Executive Vice President	DEMO Investor	DEMO VP Sales
Scott Brand (Sales/Support)	Red	Green	Red	Red	Red	Red	Red	Red	Red
Jackie Che (Sales/Support)	Red	Red	Red	Green	Red	Red	Red	Red	Red
Tyler Cochran (Sales/Support)	Red	Red	Red	Red	Red	Red	Red	Green	Red
Robert Daniels (Sales/Support)	Red	Red	Green	Red	Red	Red	Red	Red	Red
Sharon Evans (Sales/Support)	Red	Red	Red	Green	Red	Red	Red	Red	Red
Michele Heston (Sales/Support)	Green	Blue	Red	Red	Red	Red	Red	Red	Red
Rick Miller (Sales/Support)	Red	Red	Red	Green	Red	Green	Red	Red	Red
Alice Newton (Sales/Support)	Red	Red	Red	Red	Red	Red	Red	Blue	Red
Neville Raymond (Sales/Support)	Blue	Green	Red	Red	Blue	Red	Red	Red	Red
Sergio Reed (Sales/Support)	Green	Blue	Red	Red	Red	Red	Red	Red	Green
Sabine Schaller (Sales/Support)	Red	Red	Red	Red	Red	Red	Green	Red	Red
Patricia Sellers (Sales/Support)	Green	Green	Red	Red	Green	Red	Red	Red	Red
Sharon Webb (Sales/Support)	Red	Red	Red	Red	Red	Red	Red	Red	Green

Fig. 2: TPP Grid

The nuclear option, as it were, is to let the person go and hire someone new that is psychometrically aligned to the role. As we stated, turnover is very expensive so this might be considered to be your last-choice option.

Summary

This white paper describes the positive and negative impact employee engagement has on productivity and profitability within an organization.

Candidates likely to be engaged in their role can be selected through the use of psychometric assessments before the hire.

Engagement levels of existing employees can be measured through tools such as eRep's Happiness Index and Performance Fuel.

Existing team engagement can be optimized through the use of Top Performer Profiles and TPP grids, showing alignment of each employee to their role and to other roles within the organization.

The overarching benefit of high employee engagement within your organization is higher productivity, and therefore higher profitability.

eRep.com is a premier provider of the **Core Values Index** psychometric assessment. We offer superior talent acquisition and talent management services as well as assessment and engagement services to employers and individuals throughout the United States, all based on the CVI. For more information about the Core Values Index psychometric assessment, visit eRep.com

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