

# Engaged



Some employees have all the enthusiasm of a slowly deflating balloon as they limply drift from task to task.

Meanwhile, other employees exude energy as they zoom through everyday chores, going beyond minimum expectations as they seek ways to satisfy members, learn new skills, and support the credit union's mission.



**One 'aha' moment is when [employees] grasp that they're member-owners and have a vested interest in the CU's success.**

Cris Melancon

Human resource (HR) experts use the term "employee engagement" to explain the difference between those two extremes. The process of moving employees up the spectrum from low-energy, unengaged employees to highly engaged workers starts at the top and ends at the bottom line.

E Federal Credit Union, Baton Rouge, La., is pursuing a more engaged work

force to achieve broader organizational goals, says Cris Melancon, vice president, marketing/HR/training for the \$203 million asset organization.

"After ending 2006 with a 40.1% employee turnover rate, we made that a key result area for us in 2007," she says. The turnover rate climbed when E Federal required employees to cross-sell, so the credit union changed its hiring practices in late 2006 to include an online pre-employment test.

"We want to hire individuals whose personal value systems line up with our organizational core values of service excellence, trustworthiness, respect, cooperation, and responsibility," Melancon says.

Next came a November 2007 employee survey that examined the multiple factors influencing employee engagement, including job assignments, supervisors, management, and benefits. "To us, employee engagement simply means the emotional ties or connections employees have with their place of employment and how the employer is meeting employees' needs," Melancon explains.

An employee's sense of connection to the credit union directly affects job performance. When E Federal employees feel part of the credit union

# Creating highly engaged and committed employees starts at the top and ends at the bottom line.

DARLA DERNOVSEK



“family,” she says they understand the credit union’s purpose is serving member-owners by directing them to money- or time-saving products, or simply giving them access to financial services when other financial institutions won’t.

“Another ‘aha’ moment is when they grasp the concept that they, too, are member-owners and have a vested interest in the success of this credit union,” she says.

Training plays a vital role in helping employees understand these concepts. Giving added attention to communication conveys the organization’s goals to show staff how their work contributes toward those objectives. Recognition and reward programs offer reinforcement by highlighting outstanding efforts.

“We reduced our turnover rate to 17.6% at the end of 2007,” Melancon notes. “We attribute the significant drop to three factors: hiring the right people, focusing on employee training and development, and [achieving] rapid credit union growth, which translates to more career opportunities.”

## ‘Behavioral economics’

When credit unions invest time and money in capturing and quantifying employees’ workplace

emotions and relationships, they’re engaging in “behavioral economics,” says Douglas Berlon, global practice leader for financial services at Gallup Inc., Washington, D.C.

Gallup’s studies of more than 10 million employees in more than 100 countries during the past decade show most employers focus on satisfying employees with pay and benefits. “While this rational satisfaction is important, it doesn’t lead to improved business outcomes,” Berlon says. “Employee engagement, which encompasses the emotional attachment of the employee to the company, is a much better predictor of outcomes credit unions should care about: productivity, profitability, customer metrics, and more.”

Gallup captures the level of employees’ positive emotional attachment with a survey based on 12 statements (“Employee engagement: 12 statements,” p. 44). Globally, Gallup

## FOCUS

- ▶ **Organizations** with engaged employees have less absenteeism, lower turnover, more productivity, and higher profitability.
- ▶ **CUs’ high member satisfaction levels** might create complacency about employee engagement.
- ▶ **Communication** helps employees understand how engagement surveys translate to workplace practices.

surveys have shown that 30% of employees are engaged, 55% are not engaged, and 15% are actively disengaged.

Those differences can be tied directly to the bottom line. Gallup has found that engaged employees have 27% less absenteeism, 51% lower turnover, 18% more productivity, and 12% higher profitability. They also are 61% more likely to be advocates for the organization, 63% more likely to remain over the next year, and 73% more likely to encourage others to work there.

In contrast, employees who are actively disengaged are poor performers who tend to drag down others to their level. "They're unhappy with their work and, what's even worse, they insist on sharing their unhappiness with their colleagues," Berlon says. "This is devastating to the organization, other team members, and the community."

Berlon says credit unions' higher levels of customer satisfaction than other financial institutions might create complacency about employee engagement.

He advises credit unions to address engagement with four steps:

1. **Identify** the credit union's mission and goals, and repeat them daily.
2. **Select** the right people and make sure they're in the right jobs.
3. **Hire and empower** the right managers—the most engaged employees usually have the best managers.
4. **Measure** employee and member engagement regularly.



## EMPLOYEE ENGAGEMENT: 12 STATEMENTS

1. **I know** what's expected of me at work.
2. **I have** the materials and equipment I need to do my job.
3. **I have** the opportunity to do what I do best every day.
4. **In the past seven days**, I have received recognition or praise for doing good work.
5. **My supervisor** or someone at work seems to care about me as a person.
6. **Someone** at work encourages my development.
7. **At work**, my opinions seem to count.
8. **The mission/purpose** of my company makes me feel my job is important.
9. **My fellow employees** are committed to doing quality work.
10. **I have** a best friend at work.
11. **In the past six months**, someone has talked to me about my progress.
12. **I've had** the opportunity at work to learn and grow.

©1998 Gallup Inc. All rights reserved. Reprinted with permission. These items can't be used without Gallup's involvement and consent.

### The superlative rating

Getting a "superlative" rating on member satisfaction and engagement depends on having engaged employees, says Gene Mandarino, organizational development manager for HRValue Group, a Plymouth, Mich., Credit Union National Association (CUNA) strategic alliance provider. "The engaged employee recognizes members' latent expectations—the ones they haven't expressed yet. This employee makes the member say, 'Wow, you went above and beyond what I expected.'"

Finding front-line employees capable of meeting latent expectations requires focusing on attitude rather than experience, Mandarino says. Pre-employment assessments help managers assess candidates and their "propensity to be nice."

Credit unions can add a second interview conducted by telephone—possibly with the applicant required to initiate the call—to get a better sense of the applicant's ability to interact positively with members.

Once employees are hired and trained, continuous and balanced feedback about their performance strengthens their sense of connection with the manager and the organization, Mandarino says. Employees need opportunities to test themselves with new challenges and receive both formal and informal recognition for their efforts.

### Employee feedback

Employees also need to see the results of their input in everyday operations, says Beth Soltis, CUNA senior research analyst. Credit unions typically use CUNA's employee surveys to collect information about satisfaction or to measure engagement, which takes a deeper look at employees' emotional ties.

"One of the worst things you can do is ask employees what they think and then not do anything," Soltis says. "That's like saying, 'I'm going to ask you what you think, but I don't truly care.'"

Communication helps staff understand how employee

engagement surveys translate to workplace practices. She advises credit unions to discuss surveys on a work group level so employees can review results and suggest workplace improvements.

When credit unions analyze survey results on a department or branch level, it often confirms executives' observations about conditions in a specific work area, where effective managers boost results and uninspiring managers may demoralize workers.

Soltis notes that engagement surveys from different credit unions often draw strikingly similar responses to open-ended questions that encourage employees to volunteer opinions. "Invariably, there are remarks that these employees want to help members and make a difference," she says. "That's a gold mine credit unions are sitting on."

### Hidden treasures

Among the credit unions tapping that treasure are \$7.9 billion asset BECU, Tukwila, Wash., and \$1.3 billion asset Technology Credit Union, San Jose, Calif. Both foster employee engagement with corporate initiatives, education, recognition, and other measures.

BECU's studies of employee engagement confirm that engaged employees outperform their counterparts and stay longer, according to Jeffrey Duke, the credit union's leadership development consultant. A two-year employee engagement initiative launched in 2007 ties 5% of managers' potential annual incentive pay to participation in employee engagement efforts.

BECU launched the initiative by gathering managers to define employee engagement and highlight managers' influence on it. Roll-out activities included sending every manager "engagement in a tube": a cardboard tube containing an outline for a department meeting, a script for the manager, and a group activity.

Managers also received sets of thank-you notes to encourage them to recognize employees' extra efforts as they occur. "The more you can do to build the [manager-employee] relationship, the more you can build engagement," Duke notes.

An all-employee survey highlighted strengths and weaknesses, broken down by departments and work teams, to help managers structure action plans. BECU will conduct another employee survey in October to measure progress.

### CEO contact

Both BECU and Technology create opportunities for employees to meet with executive leaders. BECU President/CEO Gary Oakland takes a "traveling road show" to branches to update employees on credit union objectives and answer questions. Executives participate in panel sessions to address areas of interest.

At Technology, CEO Ken Burns and other executives speak at orientation sessions and take turns leading voluntary "reading series" study groups on books such as "First, Break All the Rules," by Marcus Buckingham, author and Gallup expert in employee engagement. The credit union gives employees their choice of a hardcover or audio book and invites them to meet with the executive leading the session two or three times over six weeks.

The credit union annually surveys employees using questions to gauge engagement, says Michelle Greear, assistant vice president of training and career development. The credit union also draws information from the Silicon Valley version of the "Best Places to Work" survey, which provides regional employee feedback on culture, benefits packages, and career opportunities.

Low survey ratings related to opportunities for advancement led Technology to establish its Leadership Enrichment and Development (LEAD) program in 2005. Participation has more than quadrupled to 29 of the credit union's 274 employees in 2008 from six during the first year.

Tuition assistance and mentor programs also provide growth opportunities. Managers hone leadership skills through "The Leadership Challenge" program, including a session led by Barry Posner, who co-authored the series with Jim Kouzes.

Quality service awards reinforce the value of engagement with quarterly cash awards of \$25 and annual cash awards of \$150, as well as



**'The more you can do to help build the manager-employee relationship, the more you can build engagement.'**

Jeffrey Duke



**'The engaged employee recognizes members' latent expectations—the ones they haven't expressed yet.'**

Gene Mandarinino

grew to 54% in 2007 from 52% in 2006. The goal is to hit 60% by 2010. The percentage of members who either are "satisfied" or "very satisfied" has climbed to 95% in 2007 from 93% in 2005.

recognition on the Web site and in publications. Work groups and departments also may win lunch with Burns.

**Results**

Three years into its emphasis on employee engagement, Technology has seen an increase in the number of job applicant referrals and suggestions for improvement submitted by employees.

Plus, the number of members who say they're "very satisfied" in surveys

Greear says the credit union continues to show employees its commitment to an engaged work force is a long-term investment. That fits well with experts' advice that employee engagement measures must become a consistent element of a credit union's continuing workplace culture, rather than an extraordinary event. ©

## RESOURCES

- ▶ CUNA: [advice.cuna.org](http://advice.cuna.org), select "custom research."
- ▶ CUNA HR/Training & Development Council: [www.cunahrtdcouncil.org](http://www.cunahrtdcouncil.org).
- ▶ CUNA strategic alliance provider: HRValue Group, Plymouth, Mich.: 888-272-4598 or [hrvaluegroup.com](http://hrvaluegroup.com).
- ▶ Gallup Inc., Washington, D.C.: 202-715-3030 or [gallup.com](http://gallup.com).

# Free After Five®

There's no other mortgage insurance product like Radian's Free After Five.

When your members make timely payments, their mortgage insurance premium goes away after five years, with no appraisal. It's that simple.

For you, coverage continues even after the member's premium payment ends, and with automatic notification, the process is easy.

Call our Credit Union specialists,  
Tony Bruschi, John Castiello or Kristi Helmlinger,  
at 800 641.6794 today for more details on how to sign up.

**RADIAN**  
[www.radian.biz](http://www.radian.biz)

©2008 Radian Guaranty Inc. Free After Five is a registered trademark of Radian Group Inc.

Copyright of *Credit Union Magazine* is the property of Credit Union National Association, Inc. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.