

# Impacting Employee Commitment: A Link To Organizational Profitability

## Executive Summary

In the competitive life insurance market, one leading insurance firm wanted to build customer loyalty and profitability through the Service-Profit Chain. This strategy uses employee commitment to enhance customer commitment. With knowledge that employee commitment is significantly impacted by the employee/manager relationship, this organization partnered with Ridge Training to develop the people management skills of its managers and executives. As a result of this partnership, employees reported a 31 percent improvement in the commitment skills of managers as measured across eight critical skill clusters.

## The Project

### Creating Long-Term Customer Value Through Employee Commitment

In 2000, our client's executive team created a strategy to sustain long-term customer value by following the principles of the Service-Profit Chain, which results in higher profits by tapping the lifetime value of a customer. The equation follows.



With the Service-Profit Chain strategy in place, the executive team wanted to clearly understand the strength of the

originating link in the chain, the commitment of the 1,700 employees who worked there. The executive team initiated an employee commitment survey to establish a baseline measurement of employee commitment.

### The Manager-Employee Relationship: A Critical Link in the Chain

The survey results made clear that managers were a focal point for employee commitment: the better the manager-employee relationship, the higher the employee's commitment.

The executive team turned to Rick Brandon, an internal performance improvement manager, for a solution. Brandon recalls, "When the results of the survey came in, it presented a good opportunity to drive employee commitment through the development of people leadership skills." Brandon and his colleagues could see an opportunity to impact ten survey items around managers' skills in listening, goal setting, giving feedback and recognizing employee performance.

The Performance Improvement (PI) team's goal was to have a long-term impact

on the employee commitment survey. "That survey was a Level IV evaluation," notes Brandon. "There needed to be a demonstrated change in managers' communication skills, or the survey results wouldn't change." But finding a solution wouldn't be easy. He remembers turning to his manager and asking, "Have you ever been to a management skills training program where there was a behavior change?" They both scratched their heads and wondered, "Is there really a communication skills solution that creates behavior change out there?"

### Leadership In Action: A Partnership With Impact

After a rigorous search, Brandon attended a Ridge workshop and found his answer. Said Brandon, "The Ridge design is significantly different from anything we had seen. Managers were practicing skills in real life scenarios, and receiving immediate coaching from the course facilitators as well as their peers."

Based on that experience, Ridge was selected to partner in developing a

solution called Leadership in Action to evolve over the next several years. The initial design used a model of five two-day training sessions spaced six weeks apart and conducted over a nine-month period. This design allowed managers to integrate a few skills at a time without being overloaded. In the weeks between the two-day sessions, managers worked with a Performance Improvement coach to check in on skill integration and the effectiveness of using the skills in real-world settings.

A year after launch, Leadership in Action was an overwhelming success. A critical mass of managers from one division had completed the program, and other managers were eager to participate. Additionally, an executive leadership track was developed for our client's executives.

## Turning Success into Sustainability

While the buzz of Leadership in Action was great, Brandon saw opportunities for improvement. The training had been well received, but his initial question still remained. "Was the training really creating behavior change?" With this question in mind, he sought a cost-effective way of measuring how the training translated to on-the-job skill use.

Brandon approached Ridge with this challenge, and together they created a pre- and post- multi-rater (360°) feedback tool. The goal, noted Brandon, was to "give managers personal insight and accountability" while measuring the overall impact of the program.

Brandon's team then linked this baseline data to managers' skills and business goals. As Brandon put it, "We'd ask man-

agers, 'What's your work? What do you want to do?'" Performance Improvement coaches then helped managers connect the dots between their business objectives, their pre-training 360° results, and the training they were about to take. The result was a personalized development plan that created a real sense of ownership for the development to come. The PI coaches would revisit this agenda with managers during the interim coaching sessions to make sure that the skills were being applied in high-impact ways. Upon graduation from Leadership in Action, managers were again assessed by their employees to note how their commitment skills had improved.

## The Outcome: Measurable Behavior Change

The results of the post-training 360° demonstrated significant behavior change and validated the effectiveness of solution design.

Skill Set	Pre/Post Improve
Listening	21.77%
Gaining Agreements	28.75%
Addressing Broken Agreements	103.29%
Managing Conflict	66.34%
Facilitating Team Effectiveness	20.67%
Improving Interaction Style	51.25%
Coaching	42.36%

What's more, the results of a follow-up employee commitment survey indicated that all ten original survey items that related to managers' communication skills showed significant statistical improvement. Even though no control group was in place, it was clear that the Ridge solution and the Performance Improve-

ment team's coaching were contributing factors to the initiative's success.

## Conclusion

The partnership between Ridge and the PI team demonstrated measurable results while improving the organization's strategic capability. While truly a joint effort, Brandon credits Ridge with "opening the door for us to realize the potential of improving communication skills and anchoring the skills in the organization."