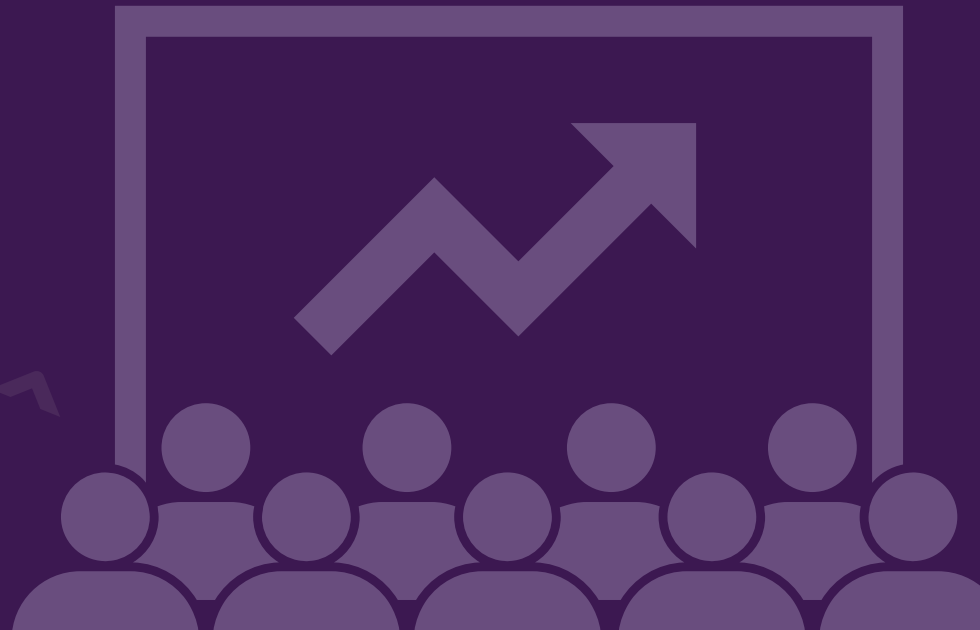


# IMPROVING EMPLOYEE ENGAGEMENT TO DRIVE BUSINESS PERFORMANCE

A New Strategic Wave



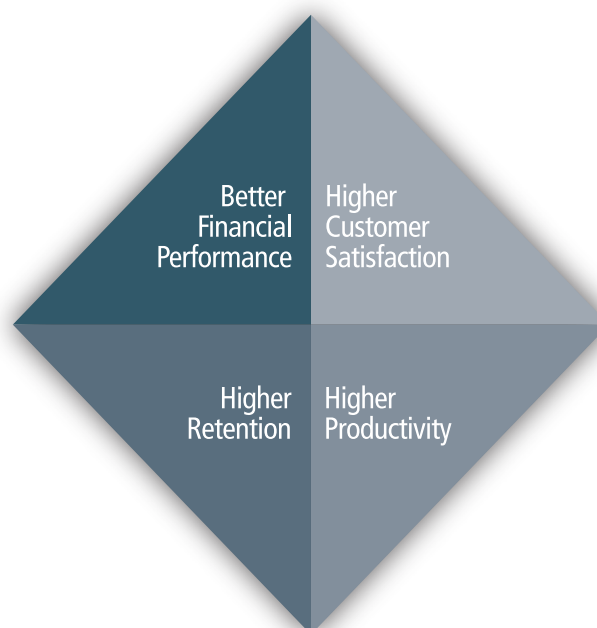
## THE EMPLOYEE ENGAGEMENT REVELATION

Executive leaders and human resources (HR) practitioners are more frequently recognising the importance of an engaged workforce and its potential to drive business performance and impact the bottom line. Engaged employees are people that are highly motivated and vested in the success of their organisations and are willing to make an extra, discretionary effort in their daily work.

Academics, consultants, psychologists, and even financial analysts have written much on the subject of employee engagement during the past fifteen years. Most of their focus has been on what drives engagement, with empirical research identifying several factors. These factors range from the employee-manager relationship, to a challenging work environment, a company's focus on customers, outstanding performance recognition, and career development opportunities. By understanding the most important factors that drive engagement, HR leaders are able to develop effective engagement programs.

A more compelling outcome of engagement research, however, shows that an engaged workforce impacts business performance, and ultimately, shareholder value. Put simply, companies with higher percentages of engaged employees perform better than their industry peers. Indeed, researchers at the CIPD, Gallup, and Towers Watson have validated the impact of employee engagement and HR best practices on business performance.

To summarise, companies with more engaged employees have:



Equally interesting, financial analysts have taken notice. For instance, a recent equities report focused on a large international bank cited that employee engagement scores are highly correlated with shareholder returns. Further, the report highlighted that the engagement score difference between the bank and its nearest competitor is costing the bank approximately 26 Million USD additional profits per year. As a result, the financial analyst downgraded the bank's stock. Given the mounting evidence, it should come as no surprise that CEOs, CFOs, and senior HR officials are taking serious notice of employee engagement. Companies that fail to engage their staff face significant risks - including financial ones - relative to their competitors that have established systematic engagement strategies.

**STRATEGY:**

Have the right information easily accessible in order to make the right decisions.

## DEMAND INCREASING FOR TALENT EXPANSION

In a study by SumTotal across 300 global organisations, 59% of HR practitioners indicated that their personnel were not adequately prepared to meet their companies' future goals, a perception that has been on the rise for several years. This alarming trend has created a sense of urgency among organisations to develop holistic talent expansion strategies.

Leaders in all business functions - including CxOs, HR practitioners, and line-of-business managers - need accurate and accessible workforce information to make the right decisions to support their business objectives. To provide this level of visibility, organisations are integrating their HR processes and information into holistic talent expansion systems.

**STRATEGY:**

Automate the integration of critical employee data.

These systems encompass numerous strategic HR processes that enable companies to effectively plan, hire, align, develop, reward, manage, and analyse a high-performing workforce. The goals of talent expansion are straightforward - hire great people, ensure they are properly trained, align their goals to corporate strategy, reward top performance, and provide timely motivation to retain the best employees.

## IMPROVING EMPLOYEE ENGAGEMENT WITH TALENT EXPANSION

Since employee engagement has a direct impact on business performance and the bottom line, leading companies are developing talent expansion business cases focused on improving engagement. These business cases typically encompass current processes, business requirements, gap analyses, system/ technology needs, and change management considerations.

Furthermore, several core talent expansion processes directly impact employee engagement (see table on the next page). As a part of their business cases, companies should map these standard talent processes to their most pressing engagement challenges. This analysis facilitates deeper understanding of core requirements, and also helps with the provisioning and prioritisation of talent applications.

Talent Expansion Process	Description	Impact on Employee Engagement
Workforce Planning	Plans, schedules, budgets, tracks, and allocates employee resources	Engaged employees require the proper resources to effectively execute their jobs
Talent Acquisition (Recruiting and Hiring)	Streamlines the entire hiring lifecycle from requisition to candidate selection	Ensures the "right" person is hired and possesses the required job competencies to be successful
Succession Planning	Identifies, prepares, and tracks high potential employees for promotion	Career advancement opportunities are a top driver of employee engagement
Career Development	Provides competency-based development and career plans	Empowers employees to take an active interest in their own development
Compensation Management	Simplifies and standardises the planning, modeling, budgeting, analysis, and execution of global compensation and reward policies	Engaged employees require fair, equitable, and consistent compensation practices; Strong performers must be rewarded appropriately
Incentive Compensation	Motivates employees and manages financial rewards within an organisation	Pay-for-performance is a strong motivator (and strong performers must be rewarded)
Performance Management	Optimises performance management processes and aligns employee development and goals with corporate objectives	Employee goals are clearly articulated and workers have a better understanding of how their efforts impact the company (line-of-sight visibility)

Talent Expansion Process	Description	Impact on Employee Engagement
Learning & Development	Automates and manages employee learning and training	The company is actively investing in employee learning and skills development
360 Feedback	Automates the entire 360 coaching and personnel development process	Consistent feedback and resulting development plans drive employee growth
Workforce Analytics	Provides real-time analysis of workforce metrics and key performance indicators	HR practitioners can continuously monitor and tweak employee engagement programs; Engagement can be tied to bottom-line business outcomes

## THE ROLE OF TALENT EXPANSION SOFTWARE

Enterprise software is playing an increasingly vital role in HR business strategies. It is also helping to facilitate HR’s transformation and corporate ascension as a more strategic, boardroom-level “player.” What is making this possible is a (seemingly) simple concept: integration.

Most companies suffer from disjointed HR processes and scattered employee information across silos of files, spreadsheets, and systems. Compounding this challenge, siloed software implementations (e.g., separate systems for recruiting, performance assessment, compensation administration, learning, core HRMS) often fragment the very data that enables more accurate reporting and improved decision-making.

To circumvent these integration challenges, many companies are disbanding their legacy point solutions and moving toward a single, natively-integrated talent expansion software platform to meet their requirements.

At the core of this integrated platform is the employee system of record. This record includes employee data, talent profiles, job profiles, on-boarding best practices, and competencies. All of this information, once made consistent across the organisation, feeds your critical HR business processes, facilitates the linkages across these processes, and ultimately enables improved business analysis, insight, and decision making.

While talent expansion software will not solve all of the employee engagement challenges companies may face (e.g., improving the personal relationship between an employee and manager), there are many benefits of a single talent platform:

- ↗ Link all elements of the employee lifecycle, from hiring through retirement
- ↗ Ensure company-wide consistency of HR information and processes improving employee engagement
- ↗ Improve overall business insight and make faster decisions with robust business intelligence, analytics, and interactive dashboards
- ↗ Automate and optimise workforce performance processes and provide clearly defined goals to employees
- ↗ Provide line-of-site visibility to employees by aligning their performance to company goals and strategies
- ↗ Establish pay-for-performance programs to motivate employees and build a performance-driven business culture
- ↗ Identify top performers and facilitate succession planning for all employees
- ↗ Develop comprehensive learning and development programs to facilitate employee growth
- ↗ Reduce HR administration costs while improving employee productivity, morale, and retention

## CONCLUSION

Given the significant impact that employee engagement has on business performance and the bottom line, improving engagement has become a top priority for leading companies. The risks of ignoring it, putting it on the backburner, or not funding it adequately, are simply too high.

Companies that embrace employee engagement - supported by a single, integrated talent management software platform - are reaping the rewards: Better financial performance, higher customer satisfaction, higher employee retention, and more productive employees.

Combined, these benefits lead to sustainable competitive advantage.

**As the market leader in talent expansion, SumTotal can help you address your talent and HR challenges and make the most of the latest industry innovations.**

### Why choose us?

1. We offer industry-leading talent, learning, workforce and payroll solutions.
2. We've taken a different approach to product and technology integration. While everyone else is still talking about product integration, it's a reality with us today. And no one in the industry can match our ability to integrate data with other HR systems; other enterprise systems, like CRM and POS; and even popular third party sites like, salesforce.com and LinkedIn.
3. Our talent expansion solutions are completely integrated with a suite of learning and workforce solutions.
4. Our professional services teams are committed to your success – before, during and after implementation.
5. We put your people first. We'll help your people be their best.

**CONTACT US TODAY**

We're ready to partner with you for new talent expansion technologies. For additional information, send an email to: [connect@sumtotalsystems.com](mailto:connect@sumtotalsystems.com)

**ABOUT SUMTOTAL**

SumTotal Systems, LLC, the largest independent provider of integrated human resources (HR) solutions, is increasing the performance of some of the world's most successful organisations, including AstraZeneca (NYSE: AZN[ADR]; London: AZN), Amway (KUL: AMWAY), and Seagate (NYSE: STX). The only HR solution provider to deliver Talent Expansion™, a whole new approach to discovering, developing and unleashing hidden potential within our customers' workforce, SumTotal delivers employee enablement solutions that help organisations become great places to work. SumTotal's people-focused applications, available on premise and in the Cloud, enable contextual, just-in-time development designed to advance employees' skills and knowledge. Today, more than 3,500 organisations, including several of Fortune's "Best Places to Work," rely on SumTotal's on premise and cloud-based Talent Expansion applications to enable and empower their employees. Visit us at [www.sumtotalsystems.com](http://www.sumtotalsystems.com).

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