

Strategic Engagement as the Key to Economic Performance

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Disclaimer

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MARYLAND PERFORMANCE EXCELLENCE FOUNDATION

Sponsor of

Maryland Performance Excellence Awards

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Maryland Performance Excellence Foundation

Foundation Activities

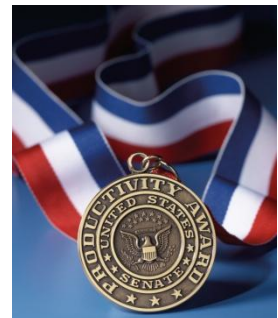
- ❖ **Took action to ensure that MPEA continues to support Maryland organizations on their excellence journeys**
 - ❖ **Incorporated in November 2008**
 - ❖ **Received IRS 501(c)(3) status in April 2009**
 - ❖ **Assumed sponsorship of Maryland Performance Excellence Awards from University of Maryland in April 2009**
 - ❖ **Conducted 2010 MPEA Program**
 - ❖ **Maintained membership with Alliance for Performance Excellence**



Maryland Performance Excellence Foundation

Maryland Performance Excellence Awards (MPEA)

- ✓ **Established in 1983**
 - **Administered by University of Maryland**
 - **Co-sponsored by Maryland's U.S. Senators**
- ✓ **Adopted Baldrige Criteria for Performance Excellence—1997**
 - **Only state-wide Baldrige-based program in Maryland**
- ✓ **Provided feedback for 200 applications**
- ✓ **Trained thousands of individuals in Baldrige Criteria**
 - **Over 1000 volunteer examiners**





Maryland Performance Excellence Foundation

A Few Top Award Recipients

- ✓ **Montgomery County Public Schools**
- ✓ **Chimes**
- ✓ **Nurad Technologies**
- ✓ **Delmarva Foundation for Medical Care**
- ✓ **AAI Corporation**
- ✓ **Coast Guard Activities Baltimore**
- ✓ **Howard Community College**





Learning Objectives

- **Understand the principles of engagement of key collaborators through review of a series of mini-case studies**
- **Understand how the principles of engagement can be applied in participants' own organizations.**
- **Understand key metrics that will demonstrate the effectiveness of engagement efforts.**



Overview

- **Basic concepts and definitions**
- **Mini-case studies**
- **Applications of engagement principles**
- **Sample metrics**
- **Engagement as a leading indicator of organizational performance measures**

Definitions

- **Workforce Engagement**
 - “... the extent of workforce commitment ... to accomplishing the work, mission, and vision of the organization.”

- **Customer Engagement**
 - “... customers’ investment in or commitment to your brand and product offerings.”

-- Baldrige Criteria for Performance Excellence, 2009-2010



The Spectrum of Engagement

- ❑ **Partner Engagement**
- ❑ **Stakeholder Engagement**
- ❑ **Collaborator Engagement**
- ❑ **Supplier Engagement**
- ❑ **Community Engagement**
- ❑ **Governance Body Engagement**
- ❑ **Regulatory Agency Engagement**
- ❑ **Competitor Engagement (?)**



Case Studies

- **Workforce Engagement – A manufacturing company gives custodial staff “the last say” in deciding what cleaning supplies to purchase**
- **Customer Engagement – A casino invites frequent guests to participate in strategic planning**
- **Partner Engagement: A federal government bureau and its union collaborate for quality improvement**
- **Stakeholder Engagement – A state tax agency confers with attorneys and CPAs when revising tax codes**
- **Collaborator Engagement – A waste management firm and a recycling firm provide sorting containers to residents**



Case Studies

- **Supplier Engagement – A manufacturer trains its key suppliers in Lean/Six Sigma**
- **Community Engagement – A community college recruits students and staff in local middle schools**
- **Governance Body Engagement – A motel has an executive of its parent company on its Budgeting Committee**
- **Regulatory Agency Engagement – A real estate developer includes a member of the state Department of Environmental Quality in construction project planning**
- **Competitor Engagement – Two medical centers communicate and cooperate to provide most effective and efficient service to patients**

How do I ...?

- ... Identify key customers, partners, stakeholders, collaborators, suppliers, communities, governance bodies, regulatory agencies, and competitors
 - Organizational Profile, P.1b
- ... Identify factors that engage
 - Category 5, 5.1a(1) – Typical examples
 - Satisfaction
 - Open communication
 - Learning and Performance Improvement
 - But there may be more – Ask!

How do I ...?

- **... Measure the engagement factors**
 - **Satisfaction**
 - Satisfaction surveys
 - Dissatisfaction index
 - Focus groups
 - Complaints
 - Lawsuits
 - Indictments
 - Adverse actions by governance or regulatory bodies
 - Warranty claims
 - Merchandise returns
 - Loyalty
 - Letters to the editor
 - Graffiti
 - Blogs, chatrooms

How do I ...?

- ... **Measure the engagement factors**
 - **Open Communication**
 - **Stakeholder conferences**
 - **Professional society meetings**
 - **Trade shows and conferences**
 - **Strategic and other planning sessions**
 - **Participation in Board of Directors**
 - **Labor-Management partnerships**
 - **Multiple contact media (phone, fax, Internet)**
 - **Multiple outreach approaches (e-mail, brochures, newsletters, articles in trade publications)**

How do I ...?

- **... Measure the engagement factors**
 - **Learning and Performance Improvement**
 - **Stakeholder participation in own organization training**
 - **Participation in stakeholder training**
 - **Kirkpatrick's "four levels"**
 - **Satisfaction**
 - **Utility**
 - **Individual performance improvement**
 - **Overall improvement of stakeholder contributions**
 - **Return on investment (ROI)**
 - **Overall improvement of own organization's performance**

How do I ...?

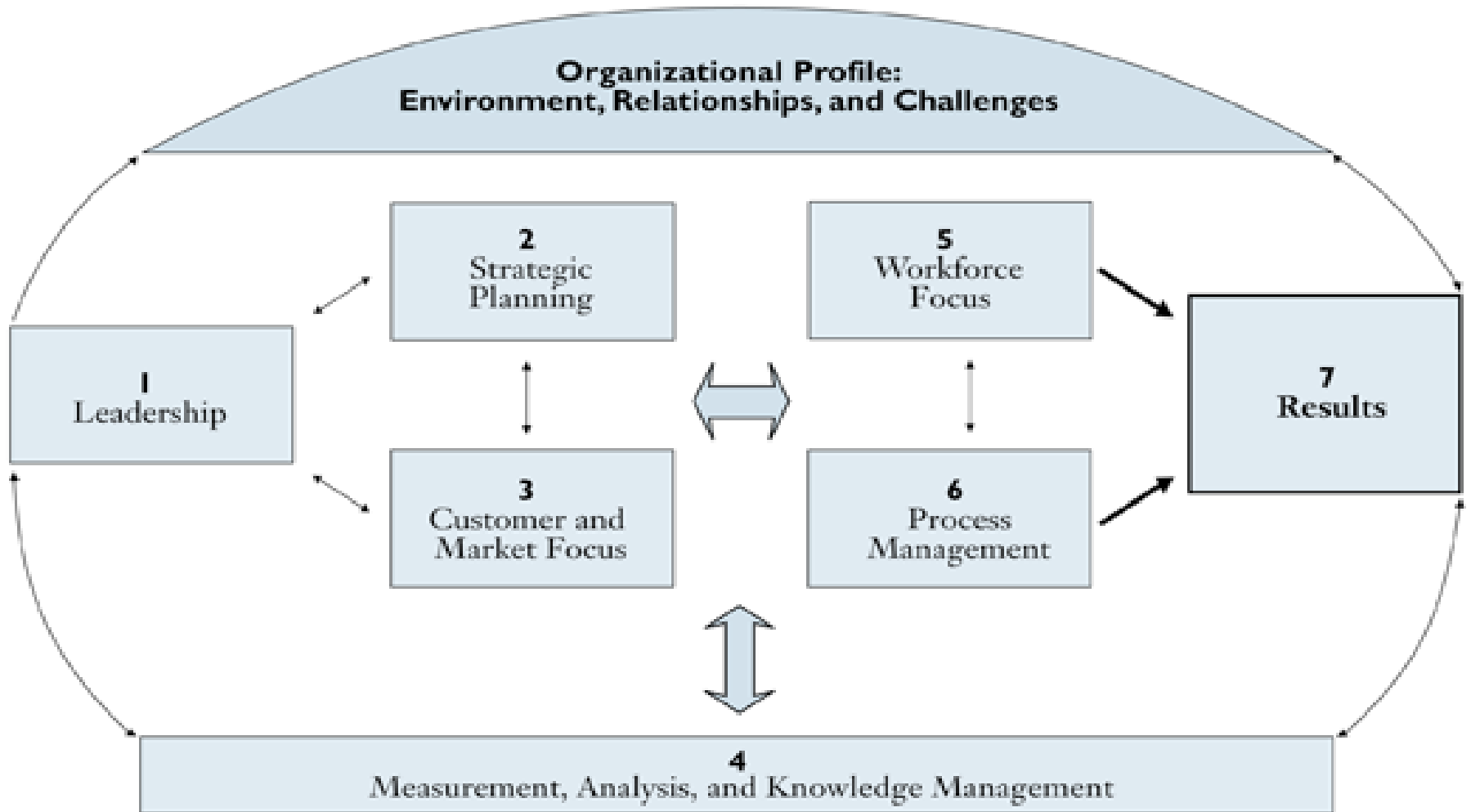
- **... Measure the engagement factors**
 - **Other factors**
 - **Societal impact**
 - **Environmental impact**
 - **Impact on the local economy**
- **How often should you measure?**
 - **As often as necessary**
- **What do I do then?**
 - **(Next slide, please)**

How do I ...?

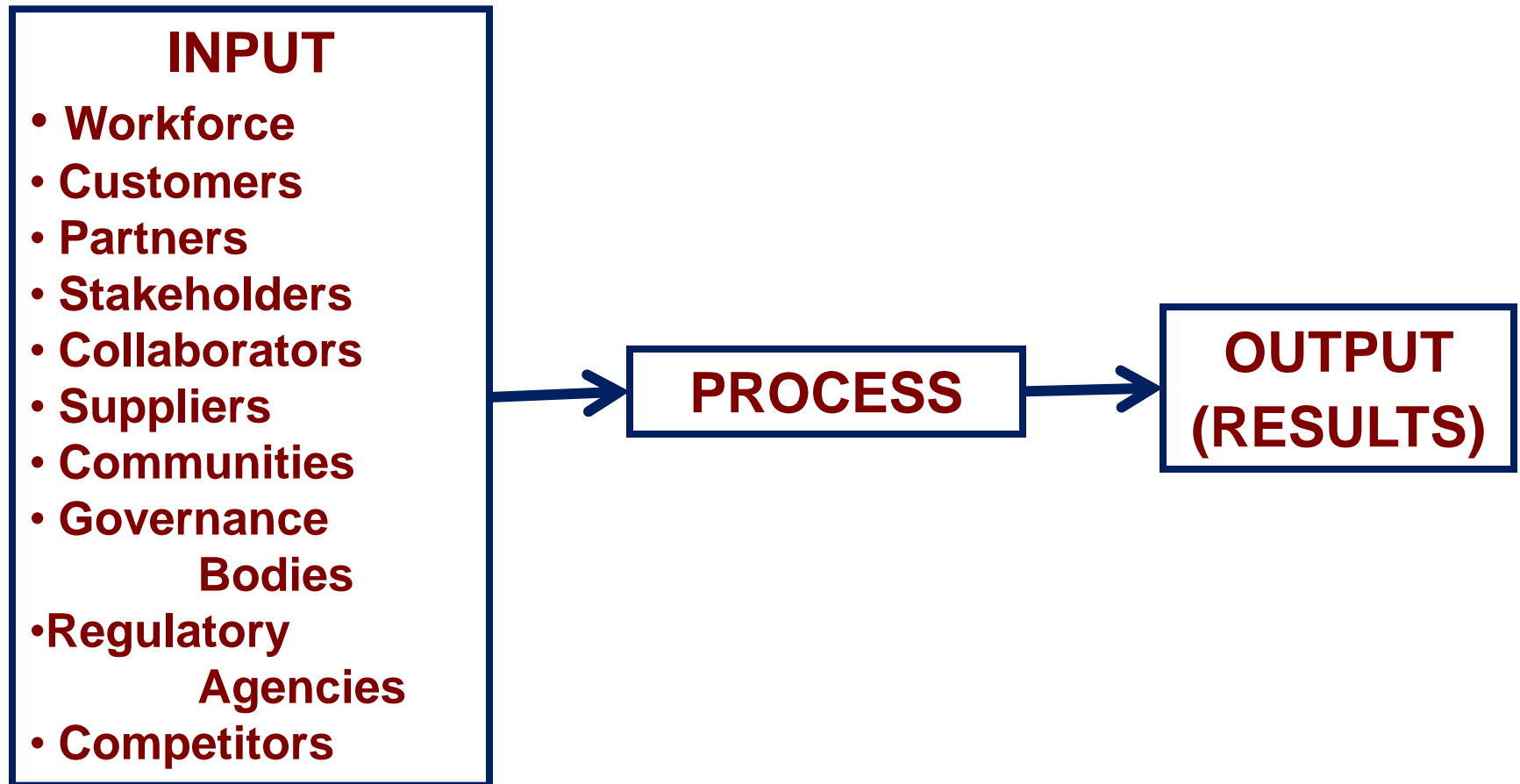
- ... **“Move” the engagement factors**
 - **Stakeholder input and participation in improvement efforts**
 - **Plan, Do, Study, Act**
 - **Continuous cycles of measurement, analysis, and improvement**
- **Who is responsible?**
 - **When in doubt, refer to Category 1**

The Context

Baldrige Criteria for Performance Excellence Framework: A Systems Perspective



The Context – Another View





The Bottom Line

- **5.1c(2) relates workforce engagement to business results.**
- **The same principle applies to engagement of customers, partners, stakeholders, collaborators, suppliers, governance bodies, regulatory agencies, communities, and competitors.**
- **Engagement is a leading indicator of organizational performance.**

Another View

Source: Kyle LaMalfa, *The Positive Economics of Customer Engagement*, www.allegiance.com

- **Engaged – Engaged customers report strong agreement with statements about**
 - **product satisfaction, purchase intentions, intent to recommend products/services,**
 - **and high regard for a company's products/services.**
 - **We often refer to these customers as the Love Group.**



Another View

- **Disengaged – At the other end of the spectrum, we refer to customers as members of the Hate Group.**
 - **These customers answered survey questions with disagreeable or ambivalent attitude**
 - **Sometimes disengaged customers are compelled to continue purchasing product due to some externality, but continue to damage the reputation of the company.**



Another View

- **Swing – These customers have the potential to be swayed to the Love or Hate Group depending on future experiences with the company.**
 - **The Swing Group answered survey questions in ways that indicated passive satisfaction without active engagement.**
 - **The Swing Group is where the action happens, where there is a great opportunity to win loyal customers.**



Another View

- **Four Economic Ways to Measure Customer Engagement**
 - **Share of wallet – Engaged people buy more products/services**
 - **Positive referral – Engaged customers convert potential customers to switch**
 - **Churn – Engaged people stay longer**
 - **Feedback Response – Engaged people give more feedback, which in turn gives you the opportunity to address issues and concerns and preserve potentially lost revenue**



Summary

- **Basic concepts and definitions**
- **Case studies**
- **Applications of engagement principles**
- **Sample metrics**
- **Engagement as a leading indicator of organizational performance measures**

Questions





Thank you!

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