



The Forum Report

FORUM

For People Performance
Management and Measurement

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The Forum Report is a newsletter for participants of the Forum for People Performance Management and Measurement, an organization affiliated with the Medill Integrated Marketing Communications graduate program at Northwestern University, and other interested parties. If you'd like to be placed on The Forum Report mailing list [click here](#).

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New White Paper Demystifies Employee Lifetime Value

A new white paper entitled “Employee Lifetime Value: The Critical Companion to Customer Lifetime Value” shines light on the emerging concept and significance of Employee Lifetime Value (ELTV). In the past, most employers viewed employees as an expense. Now, however, savvy employers consider employees assets. This white paper looks at the ways employees actually contribute to the success of their company. “The idea that customers produce lifetime value to a company has been studied intensively over the past few years. The potential value of employees to their employers, however, is just now being quantified,” according to Karen Renk, CAE, executive director of the Incentive Marketing Association (IMA). The IMA’s Performance Improvement Council co-sponsored the study with the Forum for People Performance Management and Measurement. “When employees are seen totally as a cost, companies are justifiably inclined to focus on reducing that cost instead of investing in it,” Renk continued. Among other valuable insights, the white paper demonstrates how to increase the value of employees through the allocation of training, specialized workplace opportunities and even bonuses and rewards. The paper points out that Human Resource departments should recognize that ELTV is not always a given, but can be influenced by proactive interventions (such as increased training and motivation programs). Using what they learn through the study of the lifetime value of their customers to better understand and assess ELTV, business managers and HR personnel can glean ever deeper insights into the one true factor that determines ultimate organizational success: people. Such findings can be put to use to increase employee intrinsic satisfaction and may ultimately generate better financial results for the organization. Look for upcoming white papers addressing additional elements pertaining to ELTV, based on the full results of the study, a comprehensive 45-page research report entitled *Employee Lifetime Value: Measuring the Long-Term Financial Contribution of Employees*, which was produced by the Forum for People Performance Management and Measurement, and the Performance Improvement Council of the Incentive Marketing Association. The report is available on the Performance Improvement Council’s Web site at www.incentivemarketing.org.

CALL FOR RFPs: Forum Research Funds Available for Qualified Studies

In order to maintain a steady stream of relevant research that explores how people drive organizational performance, the Forum is now accepting requests for research proposals. The Forum funds academic research that contributes to the creation of knowledge about employee motivation, engagement and workplace performance, and how these factors relate to the financial performance of businesses and other organizations. Research topics must explore one or more of the following areas:

- The measurement and employee engagement and the relationship between engagement and organizational performance;
- The specification of models that link the performance of people in organizations to financial metrics;

- Leadership practices that engage and motivate employees;
- The role of incentives and recognition programs in engaging employees and driving performance
- The impact that employees have on customer experiences, loyalty and buying behavior;
- Practices that organizations use to engage and motivate business partners such as franchisees, suppliers, or independent agents

Historically, projects have been funded in the \$20,000 to \$40,000 range. Interested parties should review past research on the Forum web site (www.performanceforum.org). Preference is given to empirical studies that evaluate people in actual organizational settings. Researchers are expected to provide an industry-oriented white paper that explains the relevance of the research and finding for managers. The white paper will be owned by and published by the Forum. Proposals should provide the following information:

- Study objectives
- Relevant theory of conceptual basis
- Relevance of the research for business practice
- Data sources and methods of empirical analysis
- Timeline for study completion
- Budget requirements

For more information, call Frank Mulhern at 847-491-5877 or e-mail fjm274@northwestern.edu.

Harness the Power of Social Media to Boost Shareholder Value

“Social Media Marketing: The Latest Buzz on Word of Mouth,” a new report from the Aberdeen Group, shows that “best-in-class” companies are more apt than their less successful competitors to deploy technology solutions to help raise brand awareness, drive marketing improvement and, ultimately, increase shareholder value. The report sheds light on how best-in-class companies launch successful viral campaigns, form and participate in niche communities, and spur brand advocacy via social media marketing tactics while gleaning valuable customer insights from consumer-generated content to inform future marketing actions. “Companies are enamored with the possibilities of social media marketing as the foundation for consumer-driven referrals and brand advocacy,” said Jeff Zabin, Research Fellow at Aberdeen Group, in a press statement. “The challenge lies in identifying key influencers, engaging them as brand evangelists, and then tracking the impact of their words and actions over time. Social media marketing can also mean extending the reach of a brand through viral videos or by joining the conversation. To that end, companies need to understand peoples’ motivations for having a conversation and then contextually engage with that audience. Making marketing programs conversational and contextualized to niche audiences that naturally gravitate around a specific theme or shared passion is the essence of social media marketing, and perhaps the future of marketing itself.” The connection between social media and the bottom line comes into clear relief with the following report finding: best-in-class organizations are 80 times more likely than “laggard” companies to increase return on marketing investment. The bottom line? Companies that ignore or dismiss the importance of social media as a marketing tactic will pay the price sooner rather than later. To access a complimentary copy of the research, visit: www.aberdeen.com.

Forum Case Studies, Expert Presentations and More at Motivation Show

The Forum is delighted to participate and share the expertise of its members at the upcoming Motivation Show at Chicago’s McCormick Place, September 23-24. If you plan to attend the show, please mark your calendars...

- **Tuesday, September 23, 2008, 1:30 – 2:45 pm**

FORUM Best Practices Case Study: NEW YORK HOSPITAL QUEENS: Achieving Organizational Health with presenters Camela Morrissey, Vice President, Public Affairs and Marketing, New York Hospital Queens, and Frank Mulhern, Associate Professor and Department Chair, Integrated Marketing Communications, Medill School of Journalism at Northwestern University

- **Wednesday, September 24, 2008, 1:30 – 2:45 pm**

FORUM Panel of Experts: Making the Invisible Visible: Measuring the Intangible Assets of People and Talent with Forum Trustee Members Tom Miller, Rick Blabolil, Jennifer Rosenzweig, Michelle M. Smith

- **Thursday, September 25, 2008, 10:00-11:15 am**

FORUM Purpose-Potential-Possibilities: How a Strategy of People Performance Management and Measurement Can Create Profound Business Change with presenters Frank Mulhern and Michelle M. Smith.

For more information, go to www.motivationshow.com

Warning: Seven out of Ten Workers are Not Fully Engaged

How can companies realize optimal workforce output when fewer than 33 percent of employees are fully engaged in their work? “The State of Employee Engagement 2008,” a recent report issued by global consultants BlessingWhite, found that fewer than one in three North American workers are fully engaged, 19 percent are completely disengaged, and a further 13 percent are disillusioned and at risk for becoming disengaged. Based on a survey of more than 7,500 employees and interviews with 40 human resource and line managers on four continents, there is a strong correlation between engagement and retention. “We found that 85 percent of engaged employees plan to stay with their company during the year ahead,” said BlessingWhite CEO Christopher Rice. “The study underlines the observation that engaged employees stay for what they give, while disengaged employees stay for what they get.” The study identified these five levels of employee engagement in the North American workforce:

Engaged: 29 percent. These employees contribute fully to the success of the organization and find great satisfaction in their work.

Almost Engaged: 27 percent.

These employees are among the high performers and are reasonably satisfied with their job. Organizations should invest in them because they have “the shortest distance to travel.”

Honeymooners or Hamsters: 12 percent.

Honeymooners are new to the organization or their role and have yet to become fully productive.

Hamsters may be working hard, but are in effect spinning their wheels, focused on the wrong things, and contributing little to the success of the organization.

Crash & Burners: 13 percent.

These employees, many of whom are top producers, are disillusioned and potentially exhausted. Sometimes bitterly vocal, these workers, if left alone, may slip into disengagement and bring down those around them.

Disengaged: 19 percent.

Disengaged employees are the most disconnected to organizational priorities and are not getting what they need from work. If left alone, people in this group are likely to collect a paycheck and enjoy favorable job conditions but contribute minimally. Some disengaged will leave, but more likely they will just talk about leaving. For an overview of the North American portion of “Social Media Marketing: The Latest Buzz on Word of Mouth,” email info@bwinc.com.

Forum Think Tank Takes Pulse of People Performance Management

Executives from DHL, the Human Capital Institute, John Deere, New York Hospital, T-Mobile, and Union Pacific Railroad were among the 20 participants in this year’s Forum for People Performance Management and Measurement Think Tank, June 17 in Chicago, which brought together a diverse group of corporate, association and academic representatives to discuss opportunities and challenges facing the field of People Performance Management. Participants were tasked to explore how the Forum will reinforce its newly defined vision: Purpose, Potentials, Possibilities. Topics discussed included:

- The inroads the Forum has made in the business and academic communities to date;
- The challenges in developing more precise and compelling language to define People Performance Management that resonates with the business community;
- The benefits of continuing to conduct research that focuses on shareholder value, financial return, revenue growth, and tangible results as they relate to People Performance Management;
- The challenges associated with proposing long-term strategies, such as the tactics inherent in a comprehensive People Performance initiative, in a short-term results oriented business results.

“The day-long event, with a diverse group of industry leaders participating and a wide array of viewpoints, was invigorating,” says Jennifer Rosenzweig, event chair and VP at Carlson Marketing Worldwide. “The field of People Performance Management continues to evolve. Now that the Forum is firmly established as a vital resource for the business and academic communities, we will expand our research focus and strive to reach a broader audience that can benefit from the research findings. We look forward to the next Think Tank and others down the road to continually take measurement of where we are and where we need to go.”

New Workforce Measurement Model Released to Capture Return on Talent

Thanks to the newly created Workforce Measurement Model, the term “Return on Talent” is now part of the business lexicon. Return on Talent refers to the contributions of a company’s people to its bottom line. For savvy companies, it’s time to move the “cost of labor” from the “expense” column of the corporate balance sheet to the “revenue” column. The Workforce Measurement Model was developed jointly by Forum for People Performance Management and Measurement and Northwestern University’s Medill School’s Department of Integrated Marketing.

It draws on existing data that are compatible with other financial reporting tools so that no additional metrics are required to produce a Return on Talent figure. “Traditionally, companies have viewed their people costs as an expense because there was no other way to quantify their value to the bottom line,” commented Michelle Smith, president of the Forum for People Performance Management and Measurement. “The Workforce Measurement Model is the result of a detailed analysis of a number of highly successful companies that had incorporated components of it in their current business practices. It is a way to blend existing measurable attributes into a form that can be expressed alongside financial data to produce a Return on Talent that can then be compared across companies within an industry and even across industries,” continued Smith. “The Workforce Model Every Company Should Use,” a white paper that explores the new Workforce Measurement Model, is available by clicking [here](#) or go to the Forum’s web site at www.performanceforum.org.



Forum for People Performance Management and Measurement

1601 N. Bond Street, Suite 303
Naperville, IL 60563
630.369.7780

*If you would like to be removed from the Forum Newsletter please email the Forum’s Managing Director
Jason William Maldonado, jason@performanceforum.org