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BUILDING A STRENGTHS-BASED ORGANIZATION



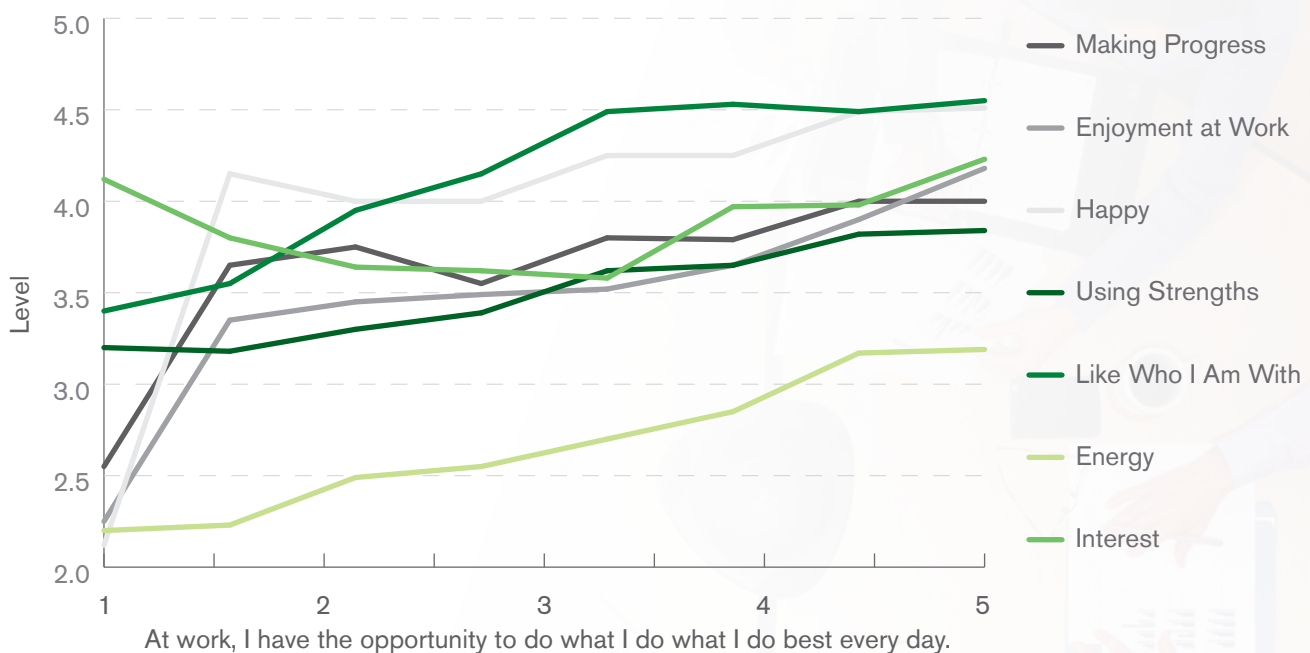
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Building a Strengths-Based Organization

Throughout the world, people spend more time working than in nearly any other pursuit. Yet in a recent survey, they rank primary paid work as one of their least enjoyable activities. Further, individuals say spending time with their supervisor is, on average, the worst part of their day.¹

It does not have to be that way. Through extensive research and studies of clients' experiences, Gallup has found that employees who have the opportunity to do what they do best at work every day experience a wide range of positive outcomes. A recent study² assessed mood in the moment and throughout the day for people with and without the opportunity to do what they do best in their workplaces. The results, as shown below, indicate that employees who are able to do what they do best at work have much higher levels of interest, energy, and progress throughout the workday.

Employees Who Use Their Strengths at Work Experience Positive Outcomes



Strengths-based organizations (SBOs) capitalize on these positive outcomes by systematically selecting employees based on talent, positioning them to use their strengths every day, and integrating strengths into key processes and systems organization-wide. This yields a multitude of benefits for the organization, including increased engagement and retention among customers and employees, reduced costs per hire, and a greater earnings per share growth rate.

1 Kahneman, D., et al. (2004). A survey for characterizing daily life experience: The day reconstruction method. *Science*, 306, 1776-1780.

2 Stone, A. & Harter, J. K. (2009). The experience of work: A momentary perspective. A collaboration between Gallup, Stony Brook University, Princeton University, and Syracuse University

What Is an SBO?

In an SBO, a positive, strengths-based, growth-oriented, and excellence-focused approach underpins every aspect of organizational existence and functioning. It is characterized by all-around excellence across a balanced performance scorecard and achieved through unleashing individual and organizational strengths.

A strengths-based approach aligns an organization's policies and practices and anchors them in a common philosophy, which has its conceptual roots in decades of research on human nature, organizational behavior, and behavioral economics. Thus, an SBO surpasses a focus on self-awareness and strengths-based development (which are key components) to affect key organizational levers such as design and structure; systems and processes; employment brand; leadership and management practice; vision, mission, and values; operating culture; business performance structure (financial, employee, and customer measures); and value creation.

In an SBO, a strengths-based strategic and operating model defines how the enterprise builds its value proposition to all key stakeholders and delivers it through day-to-day operational execution. Thus, it is imperative for any organization striving to become an SBO to carry out a thorough current-state assessment, establish the desired state with clear success measures, work with the whole-system approach (as opposed to a piecemeal approach), and invest substantial time, resources, and mindshare to make the endeavor a success.

This document outlines the core components an organization must put in place to transform itself into a true SBO, primarily focusing on the requirements for creating strengths-based people strategies.

The People Foundation of an SBO

Organizations should develop strengths-based policies and practices that span the employee lifecycle and guide the attraction, engagement, and retention of talent at all levels.



Attract**> The Organizational Foundation of an SBO**

Attracting and retaining the right employees has an enormous impact on an organization's financial performance. The process begins before the employee is hired. Job applicants and employees alike want to know the unique benefits of committing to the organization. Your employment brand or value proposition must connect rationally and emotionally with candidates and current employees.

Aspiring SBOs should execute the following interventions to attract employees who are the best fit for their workplace.

| ROLE | STRENGTHS-BASED INTERVENTIONS |
|-------------------|---|
| Leaders | <p>Communicate the vision and mission that support the organization's SBO and brand commitment.</p> <p>Build a strengths-anchored employee value proposition and employment brand.</p> <p>Champion strengths-based career management practices.</p> <p>Act as brand ambassadors, living the employee value proposition not only internally, but through representation at external events and through media.</p> |
| Managers | <p>Act as brand ambassadors, living the employee value proposition and representing it through actions within and outside the organization.</p> |
| Coaches/HR | <p>Annually assess the existing employment brand and value proposition, and define the desired state of the employment brand.</p> <p>Develop an employee value proposition with a clear strengths focus, including rational and emotional benefits to attachment, and then diagnose and align external and internal perceptions of the employee experience.</p> <p>Design and implement internal and external employee communication initiatives that clarify the organization's mission and values to candidates and employees, including a strategic marketing plan.</p> <p>Create an engaging candidate and employee experience that supports a culture of employment brand ambassadors.</p> <p>Develop an ongoing measurement system to assess and manage the employment brand and its strengths focus.</p> |

BUSINESS MEASURES OF SUCCESS

Measures of success include:

- Employee referral rates
- Quality and depth of candidate pool
- Alignment with hiring managers' and organization's expectations for the time and cost of filling roles
- Lower numbers of unsuccessful employees selected
- Decreased time for employees to "ramp up" in roles
- Higher levels of employee engagement
- Increased levels of employee productivity
- Greater customer satisfaction and retention

Select

Strengths-based selection considers candidates' innate talents, acquired skills, gained experience, and learned knowledge. If instituted correctly, a strengths-based selection system will have a huge effect on organizational performance while driving and supporting greater diversity and inclusion within the employee population.

The interventions that follow will help organizations build a strengths-based workplace by using a selection process that puts a spotlight on talent.

| ROLE | STRENGTHS-BASED INTERVENTIONS |
|-------------------|---|
| Leaders | <p>Select new leaders for talent using a validated assessment process.</p> <p>Top-level leaders define the roles and structure needed to support future organizational needs.</p> <p>Incumbent leadership uses a strategic succession planning model to identify and develop leaders to meet future needs.</p> |
| Managers | <p>Select each new manager (including incumbents promoted into management roles) for talent using a validated assessment process.</p> <p>Understand the concepts of talent-based selection and know how to conduct a strengths-based interview and apply these concepts to all selection decisions.</p> |
| Frontline | <p>Assess all new employees for talent using a validated assessment process.</p> |
| Coaches/HR | <p>Select strengths coaches from within the organization using a coach selection guide. Provide them with clear, measurable goals and objectives.</p> <p>Identify the talent, skills, knowledge, and experience required to be successful in a role and outline this in a job description that sets clear expectations for outcomes as opposed to prescriptive tasks.</p> <p>Support and monitor strengths-based selection processes.</p> |

BUSINESS MEASURES OF SUCCESS

Measures of success include:

- Reduced cost per hire
- Accelerated recruitment and selection time
- Accelerated ramp-up time and reduced interruption to work flow
- Increased cultural fit and ability to meet performance expectations
- More consistent performance across business units
- Increased per-person and team productivity
- Reduced negative impact of poor hires on customer engagement
- Brand image and reputation
- Decreased turnover
- Diminished risk of legal battles because the selection process and tools are legally defensible and scientifically sound

Onboard

> The new-hire integration process enables new employees to achieve peak productivity faster by aligning their strengths with the requirements of their roles, the organization's culture, and the team's operating climate. Onboarding processes should include formal and informal learning about roles and the organization.

Aspiring SBOs can accelerate the growth — and maximize the contributions — of new hires by performing the following interventions.

| ROLE | STRENGTHS-BASED INTERVENTIONS |
|-------------------|--|
| Leaders | Gain individual feedback about themselves and their roles through leadership scorecards, coaching based on the Clifton StrengthsFinder assessment and the Leadership Interview, and performance capabilities (competencies) required by the organization. |
| Managers | <p>Learn about the organization and its commitment to becoming an SBO through a formal orientation.</p> <p>Gain individual feedback on self and role through strengths discovery with the direct manager (including a Clifton StrengthsFinder assessment for all managers with e-learning).</p> <p>Set clear expectations for new hires through the use of outcomes-based job descriptions and strengths-based dialogue.</p> |
| Coaches/HR | <p>Create and enforce an accountability system to ensure that onboarding takes place.</p> <p>Support formal and informal onboarding initiatives, and offer recommendations for improvements, if appropriate.</p> |

BUSINESS MEASURES OF SUCCESS

Measures of success include:

- Accelerated ramp-up time and reduced interruption to work flow
- Increased cultural fit and ability to meet job performance expectations
- Increased per-person and team productivity
- Lower attrition rates among new hires

**Maximize
Performance**

➤ For SBO concepts to take hold and endure, organizational practices supporting performance management and individual development planning must be consistent with a strengths-based approach.

The following interventions will help prospective SBOs align strengths-based processes and best practices across all levels of the organization.

| ROLE | STRENGTHS-BASED INTERVENTIONS |
|-------------------|--|
| Leaders | <p>Define clear, enterprise-level focus areas and goals for strengths-based management, derived from the strengths vision and cultural parameters the organization outlined as an SBO.</p> <p>Define vital clear performance metrics based on the business strategy and operating plan.</p> <p>Role-model performance management best practices — visible actions and effective, transparent communication on handling poor performance and strengths-based performance enhancement.</p> <p>Establish specific guidelines for business reviews and accountability, and supervise goal cascading and alignment.</p> |
| Managers | <p>Execute strongly on the performance management strategy — i.e., timely and high-quality appraisal and development processes.</p> <p>Deploy a strengths-based performance dialogue tool, and carry out positive and energizing performance discussions.</p> <p>Provide and discuss (with evidence/illustrations) examples of strengths application for team members, and help develop a strengths-based performance management system.</p> <p>Capture development and growth needs, and record them in a strengths-based development plan.</p> |
| Coaches/HR | <p>Act as process experts, performance coaches, and HR training line managers for strengths-based performance discussions, feedback, and development planning.</p> <p>Set up and manage the strengths-based performance management process with well-designed online formats, templates, etc.</p> |

BUSINESS MEASURES OF SUCCESS

Measures of success include:

- Higher employee engagement and retention
- Clearer “upward feedback” on management practices
- Employee participation in various learning offerings
- Higher productivity with more employees meeting performance-to-goal targets

Develop

› A strengths-based development approach is about identifying the ways in which employees most naturally think, feel, and behave, and building on those talents to create strengths — the ability to consistently provide near-perfect performance in a specific task. A strengths-based approach combines the requirements of the job and the performance capabilities (or competencies) demanded by the organization with individuals' strengths to optimize performance. It doesn't forgive poor performance; rather, this approach sets individuals up for success within their roles.

Aspiring SBOs can execute the interventions that follow to ensure employees continue to grow and develop in their roles.

| ROLE | STRENGTHS-BASED INTERVENTIONS |
|-------------------|--|
| Leaders | Support the integration of strengths-based approaches into leadership development initiatives and learning programs. Formally mentor emerging leaders using a strengths-based approach. |
| Managers | Conduct one-on-one strengths-based performance coaching. |
| Coaches/HR | Integrate strengths-based management techniques into management development programs. Focus on enhancing performance, wellbeing, and talent retention by applying easy-to-use strengths-based managerial tool kits. Institute differentiated line manager learning programs based on quadrant analysis of engagement data, using strengths application to drive engagement and performance, depending on the current state of engagement. Provide strengths coaching as a key element of manager development programs and ongoing performance coaching. Lead team performance and development sessions using strengths. |

BUSINESS MEASURES OF SUCCESS

Measures of success include:

- Improved business outcomes, including retention, productivity, profitability, customer engagement, and safety
- Increased employee engagement

Engage and Retain

- › Creating an engaging work environment is not only the right thing to do for employees, but it also makes sound business sense.

Results from one Gallup client committed to building an SBO indicate that when employees have an opportunity to complete the Clifton StrengthsFinder, it more than triples the chances that they will remain with their organization. Patterns are also emerging between strengths and customer ratings and sales.

A workplace's culture significantly influences efforts to create an environment that promotes effective strengths-based development. Teams that encourage and support these efforts have reaped substantially greater rewards than comparable teams that forego efforts to explore and leverage individual strengths.

For employees to best capitalize on their strengths, they need:

- Continual social support
- Reinforcement of personal strengths
- Experiences of success

An engaged team with good mechanisms for living up to these three requirements can build a robust positive feedback loop of progress. Gallup measures the extent to which this is happening at several organizations by asking respondents to rate their level of agreement with four items:

- Every week, I set goals and expectations based on my strengths.
- In the last three months, my supervisor and I have had a meaningful discussion about my strengths.
- I can name the strengths of five people I work with.
- My organization is committed to building the strengths of each associate.

The following interventions can help organizations integrate engagement and strengths-based strategies to drive performance.

| ROLE | STRENGTHS-BASED INTERVENTIONS |
|----------------|--|
| Leaders | <p>Develop and execute an enterprise-level engagement and talent retention strategy. Weave in strengths-based leadership, management, and cultural drivers as key components.</p> <p>Role-model engagement behaviors through leadership team engagement interventions, and demonstrate usage of individual and collective strengths to drive organizational performance.</p> <p>Build a strengths-based, engaging culture focused on performance and talent retention.</p> <p>Set up incentive and recognition programs to reward managers and leaders with high engagement who excel at strengths-based management.</p> <p>Institute strong communication processes to clarify and build commitment to a strengths-based management culture.</p> <p>Help build brand engagement through the integration of brand promise with strengths and engagement drivers.</p> <p>Remove enterprise-level engagement barriers.</p> |

Managers

Weave engagement into day-to-day business activities/rhythm.

Use strengths and engagement tools to drive performance and retention at a one-on-one level.

Execute and follow up on team action planning.

Coaches/HR

Support manager efforts.

Develop and deliver appropriate interventions for chronically under-engaged teams.

BUSINESS MEASURES OF SUCCESS

Measures of success include:

- Productivity
- Profitability
- Safety (where applicable)
- Retention (by performance levels, bands, markets, talent classification, etc.)
- Shrinkage (where applicable)
- Greater earnings per share (EPS) growth rate
- Increased customer engagement



Integrating Strengths-Based Management With Human Capital Systems and Processes

The foundation of an SBO lies in the integration of strengths with key systems and processes. This is accomplished through a comprehensive study and assessment of the current business rhythm and related systems and processes. Gallup identifies strengths intersection points, flow (people, performance, and communication), and input/output system linkages through a mapping exercise. The required system and process redesign activities are carried out to institutionalize and embed strengths into the organization's operating system. Major focus areas include organizational performance strategy, change and organizational development models, and key human capital systems.

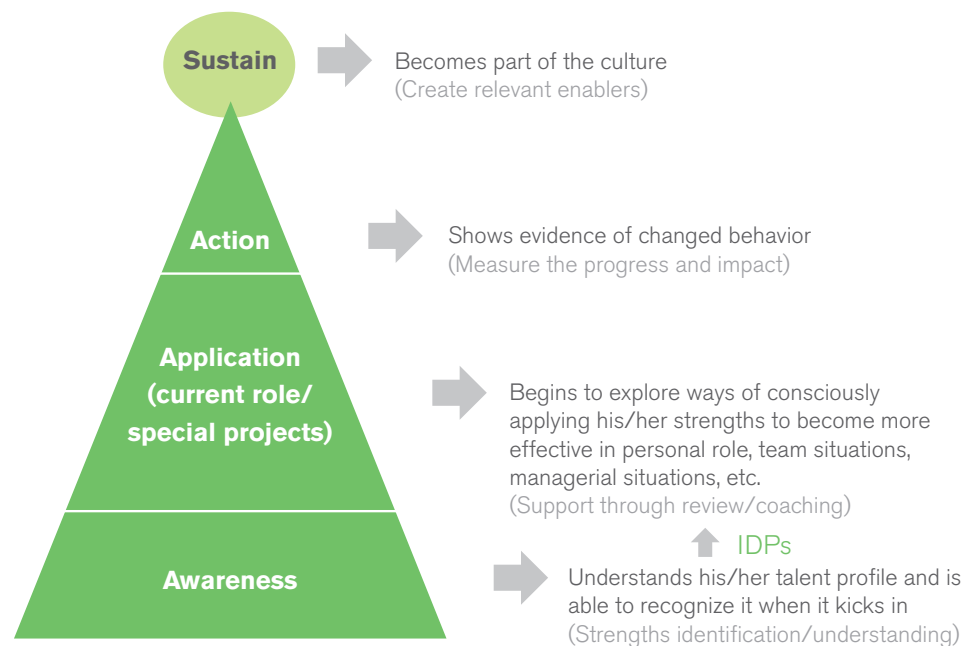


Governance Model

A sound measurement system supported by a clear accountability and review structure is critical for an SBO's long-term health and success. Gallup establishes a contextual measurement and accountability/review structure to reflect the organization's strengths strategy and business drivers. The following table illustrates a sample accountability and review structure.

| SUCCESS MEASURE: | WHO IS EVALUATED/ FREQUENCY: | WHO EVALUATES: |
|--|-----------------------------------|----------------------|
| Personal Development: Fulfillment of strengths-based developmental assignments and goals as set up by the management triad (supervisor, coach, and individual) | Role incumbent/ Once a quarter | Supervisor and coach |
| Actions taken after strengths-based career growth meetings | Supervisor/ Half year | Coach |
| Perceived benefits (hard and soft) from strengths-based development | Coach/ Half year | Role incumbent |
| Quality of response to incumbent's needs/ support requirements | Supervisor/Coach/ Half year | Role incumbent |

It is critical for HR to build and support a system that provides the documentation for these reviews and discussions. Leadership and managerial accountability is essential to ensuring the initiative's success, as is capturing data that can help the organization measure the effectiveness of its SBO programs and interventions. The figure below illustrates a sample measurement hierarchy.



How do you create an environment of success for an SBO?

To ensure the success of an SBO, organizations should follow these six principles:

BELIEVE IT

The executive leadership (includes the executive board) endorses the focus on workforce strengths as a key strategic pillar critical to sustainable growth and success of the organization.

TALK IT

Vision-Mission-Value System: The organization's vision clearly needs to reflect the strengths focus. The mission and values (along with associated processes) practices need to be aligned with a strength-based approach.

MEASURE IT

Organizations need to measure workforce impact and success using robust internal and external measures (employee and customer engagement) in addition to pure financial measures.

SUPPORT IT

Any investment in strengths needs to have a very strong anchorage in key organizational systems and processes and, more importantly, needs to be enmeshed strongly in the organizational culture.

CASCADE IT

Strengths-based development needs to operate at multiple levels and in this order of development: individual-team-function/business unit-organization. It is critical to eventually operate at the organization level by building from the bottom up with strong governance systems in place at all levels.

MAINTAIN IT

Finally, building an SBO is a long-term process, not a one-time event. Organizations need to look at a three- to five-year horizon to begin with and then look at continuous refinement and consolidation thereafter. This is where the first principle is extremely critical, as it helps gain leadership commitment for a long-term investment.

After decades of studying some of the most successful employees, leaders, and enterprises in the world, Gallup has found that organizations achieve the highest levels of success by investing in their strongest asset — their people. Gallup helps SBOs attract and select the right people to thrive in each role, and then position and develop them based on strengths, so employees learn faster, work harder, advance further, and stay longer. Gallup consultants guide SBOs in implementing each step of the strengths-based approach, leading them to long-term, sustainable gains in engagement, retention, productivity, earnings per share, and profitability. To learn more about how Gallup can help transform your organization into an SBO, contact Sarah Van Allen at 202.715.3152.



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