

{ HIGH PERFORMERS }

Top firms deliver their promises

Commitment to the best people practices is ultimately what makes good commercial sense as well

MARK EGGLETON

IN recent years most industries globally have faced monumental disruption to their traditional business practices due to factors ranging from technological change and labour force issues to the continuing effect of the global slowdown. While many organisations have struggled, a number of industries have continued to thrive. And the key to their success has been that they've managed their people well.

In Sydney last week, 14 of Australia's leading employers were acknowledged as Aon Hewitt's Best Employers of 2012.

Interestingly, none of them is a resources company. They're from a diverse range of industry sectors and they all share a common trait — they all boast highly engaged workforces. More significantly, their average revenue growth is double that of non-accredited firms at 22 per cent.

According to Tim Powell, Aon Hewitt's talent and rewards consulting practice leader, an organisation that focuses on its people and improves staff engagement is going to see improved economic performance.

"Organisations that strive to be best employers are the best in the market," he says.

Powell believes organisations that display a long-term commitment to best people practices reap the rewards.

"Importantly, good people management has to be embedded in a culture. It has to survive changes in leadership, market strategies and organisational priorities. It has to be a core competency of any organisation," Powell says.

He cites this year's winner of the Best of the Best award, Microsoft, as an organisation that has stayed at the top of the list of best employers (or near the top) for about 10 years.

"Microsoft has worked very hard over a long time to embed great people practices into their culture (see accompanying story).

"Their is a remarkable story," Powell says.

In congratulating all accredited organisations, Powell says they have inspiring people stories to tell. He says a number of organisations — such as Trilby Misso, Express Data and Frucor — are repeat offenders when it comes to accreditation, whereas others such as Peoplebank have worked tirelessly to improve employee engagement.

"FedEx are not only accredited in Australia and New Zealand but across the whole region, which is a great example of how deeply their people practices are embedded in the organisation."

From a global perspective, FedEx is a good example of how great people management is pretty consistent globally.



James Rutherford, left, and Tim Powell emphasise the difference that a people-centric approach will bring

'(Best Employers) know focusing on their people will lead to results'

JAMES RUTHERFORD
AON HEWITT'S BEST EMPLOYER
PROGRAM LEAD

"There's a strong correlation with what's happening globally, particularly in the area of employee engagement.

"Furthermore, the line between developed and developing countries (purely at a human resources level) is becoming less clear," Powell says.

Aon Hewitt's Best Employer program lead James Rutherford says there are a number of non-negotiable themes that drive accredited employers.

There is a strong leadership commitment that goes beyond the rhetoric and it is delivered.

"Leaders drive their organisations and create a level of importance around people management and then they deliver through people managers," Rutherford says.

"They know focusing on their people will lead to results."

Furthermore, in accredited

organisations, people will have a pretty clear idea of what they have to do, what they are expected to deliver, how that will be measured and how their work aligns (with) the overall mission of the organisation

"Put simply, people know what they need to do. They know high performance will be differentiated — it's recognised and rewarded. The other side of the coin is people who aren't delivering will also receive a lot of feedback on their performance. It works both ways," Rutherford says.

Another marked difference between accredited organisations and others, he says, is they are explicit in how they reward and recognise their people.

"The majority of accredited organisations do have formal reward programs, or they might reward through recognition. A good example is FedEx, who recognise high performers in a range of ways beyond just a financial incentive. Rewards include accessibility to training and access to senior management. Microsoft also has a pretty innovative recognition tool in their internal peer-to-peer program Splash.

"Another is Express Data, who diligently reward high performers with a range of rewards, whether it be access to senior leaders or development programs," says Rutherford.

The key component for any accredited employer, Rutherford believes, is the fact they offer employees a compelling promise to be in that organisation. And, interestingly, that compelling promise or employee value proposition (EVP) can be different for everyone.

Rutherford says some accredited organisations go out of their way to develop an EVP.

"For example, Janssen actually went out and developed theirs through their employees, while Seek, FedEx, Microsoft and Peoplebank really actively measure their compelling promise and how it encapsulates who they are.

"For every accredited organisation the compelling promise is what a company really is and it's a promise made to existing employees and potential employees," Rutherford says.

He says the compelling promise is what keeps people in an organisation and it's a great representation of an organisation's philosophy, especially in the present climate of constant disruption and change.

"Keeping people engaged and developing them through massive change is what sets Best Employers apart — great people managers create the conditions for people to excel."

Happy workers are good for business

MARK EGGLETON

WHEN the judges sat down to pick this year's Best of the Best from the 14 organisations accredited as Aon Hewitt's Best Employers 2012, the process was difficult and, according to the panel, involved some robust discussion as it was difficult to separate companies.

While Microsoft picked up the top gong, judge and IT company Ninefold's chairman Peter James says, "any one of 10 companies could have picked up the award."

James believes the Aon Hewitt accreditation is particularly good because of the detail involved and because it places such importance on employee feedback.

He says that in all the accredited organisations leadership pervades every part of a high-performance culture.

Andrea Grant, fellow judge and former head of human resources at Telstra, agrees it has to be driven from the top "and it's great to see CEOs starting to get it."

"I was impressed across the board as all accredited organisations clearly demonstrated the link between happy employees and business success," Grant says.

James agrees and says organisations have to understand the Best Employer process simply does come down to hard-nosed business.

"It's important to align staff engagement, customer satisfaction and profitability — it's what smart businesses do.

"Microsoft picked up the Best of the Best award because of its sustainable people practices employed over time, strong leadership commitment and a culture that is integral to who they are.

"Sure, it's a global strategy, but it's up to the local arm to localise it and implement it," James says.

The judging panel, which also included Gayle Avery from Sydney's Macquarie Graduate School of Management, agreed Microsoft offers a strategic and integrated approach to employee engagement that drives business growth.

For Grant, companies often say the right thing and don't deliver, but Microsoft delivers and clearly demonstrates that it genuinely cares about employee wellbeing, and this is reflected in comments from employees.

"Microsoft has a strategic and structural approach to people and performance. It is a solid plan with solid metrics, with a key focus on developing pride, focused on learning and development as well as staff diversity and engagement," Grant says.

According to Microsoft's Australia and New Zealand human resources director Rose Clements, the key to the company's success is its people manager community.

"We focus on delivering excellent manager capability because every employee deserves to work with a great manager.

"All of our managers share a philosophy about trust, accountability and empowerment and it's the manager's role to nurture, to orchestrate and enable



Microsoft's Rose Clements

people," Clements says. There has to be a strong amount of trust in the workplace, she says, as people don't leave common sense at the door when they enter the office.

"Anyone employed at Microsoft in Australia and New Zealand works flexibly and is judged on their output. This extends to the workplace design where there are no allocated workspaces. People can work from a lounge, an open plan space or a quiet room."

As for how people are rewarded, Clements says there are a number of programs in place to recognise employees. She cites Microsoft's internal social network Splash that sends messages across the office.

'Accredited organisations demonstrated the link between happy employees and business success'

ANDREA GRANT
BEST OF BEST JUDGE

"It's a key part of our continuous reward and recognition program, an app which works on Windows phone devices, and it's a way for anyone to say thanks. Messages are splashed right across the organisation on phones, laptops and TV screens," Clements says.

The amount of times an employee is "splashed" is collated and used as part of a more formal recognition program quarterly. Further rewards include a range of incentives, including access to training, mentoring and opportunities to work on special projects and more.

"We see our people as people first and employees second. We strive to be a real down-to-earth organisation and we want people to come here and be themselves.

"Our commitment goes beyond platitudes. We have worked very deliberately on this culture and developed a suite of behaviours and thinking styles very explicitly. To see it is to believe it," Clements says.

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How to join the winning set

A unique three-step process shows organisations where they stand

JAMES RUTHERFORD

AON Hewitt's Best Employer accreditation program follows a unique process that maximises value for participating organisations, whether or not they achieve accreditation.

The process involves three progressive steps, each with distinct and pre-defined requirements. To be recognised as an Aon Hewitt Best Employer, organisations must successfully progress through all three steps.

Each step is designed to provide information to participating organisations. Although there is a focus on accredited organisations, the majority of organisations participate to gain feedback from their employees and improve business performance through refining their people practices. For most, the value in participating lies in the data that is generated, which can be provided in comparison to a variety of norms, including the aspirational levels achieved by Best Employers.

1: Employee opinion survey

THE first step involves gathering feedback from the organisation's workforce through a short employee opinion survey (EOS). The EOS is a key differentiator between Aon Hewitt's Best Employer accreditation process and other employer awards, many

of which are submission based. Organisations can choose their EOS from a range of standardised offerings or can customise a survey based on their specific needs. This means that all Aon Hewitt engagement clients can opt to participate in the Best Employer accreditation program, without the limitations of a standardised survey. Participating organisations have the flexibility to gather data in areas that are most important to them, at a time that is convenient for them, while still satisfying the accreditation requirements.

2: People practices inventory

THE second step is carried out concurrently to the EOS. The organisation is asked to provide a summary of both its business performance and key people practices. This information is referred to as a people practices inventory (PPI) and is usually provided by the organisation's HR function in less than an hour.

The information contained in the PPI is then collated and analysed alongside the data gathered in the EOS. Aon Hewitt consultants provide detailed reports to organisations and support to ensure the content is interpreted correctly. Aon Hewitt also provides assistance in action planning and the communication

of results across the organisation.

Participating organisations receive information on how they compare against a set of criteria developed by Aon Hewitt based on 12 years of research into Best Employer practices. These include engagement levels, leadership commitment and performance differentiation.

3: Organisational audit

THE third step is limited to organisations that have successfully completed the first two. These organisations are asked to submit further information on the people practices that they believe have made the biggest difference to their business. Their responses are audited by Aon Hewitt consultants to test validity and gain a deeper understanding of key areas identified in the first two steps.

If this final step is passed, the organisation is then accredited as a Best Employer.

Identifying the Best of the Best

FROM the pool of accredited Best Employers, one organisation is selected as Best of the Best in acknowledgement of outstanding people practices. To determine the Best of the Best, Aon Hewitt presents blind data to a panel of expert judges, who then decide which organisation in their opinion delivers the highest level of business performance through people practices.

James Rutherford is the Best Employer program lead at Aon Hewitt.

Engagement reflected in business success

JAMES SHERBON

ONE of the most important factors in business success in these tough economic times is companies playing to their strengths and keeping staff in the loop about how the company is going.

The heads of two firms accredited by Aon Hewitt as being among the nation's best when it comes to staff engagement, pharmaceutical company Shire and energy drinks manufacturer Frucor, both say keeping staff informed while playing to their strengths has not just kept them in the game but actually boosted their bottom lines.

Being told what the company is up to is one of the biggest motivators for his 50 staff, according to Shire's general manager Dominic Barnes.

The firm sells drugs that keep children with extremely rare genetic disorders alive.

"So our staff have a very strong sense of purpose; the company is very patient focused," he says.

"We use the term brave: it's about being as brave as the people we try to help — they have a life-threatening condition; they are in pain; a lot of them need injections every week to stay alive.

"We want to make the same effort taking risks and not being conservative and inflexible like a big pharma firm. It means treating employees and our customers with trust and integrity. No one in Shire would have any doubt what our cultures and values are."

The company has formal and informal mechanisms to keep staff informed, including a quarterly newsletter and quarterly town-hall meetings where all staff members gather for a dialogue on what's happening with the business and the opportunity to ask questions of the management.



JEREMY PIPER

Frucor CEO Jonathan Moss says values are the company's foundation stone

'The most important thing is for employees to understand the vision and mission of the company'

DOMINIC BARNES
GENERAL MANAGER, SHIRE

"We have a magazine that comes out every quarter that tells staff what's happening in the entire organisation; and a sales conference three times a year."

At the conference, staff have the opportunity to directly question the finance and marketing directors and hear "from their mouths" how the company is performing.

"The most important thing is for employees to understand the

vision and mission of the company — even if you think you have said it so many times, there are always new people," Barnes says.

Jonathan Moss, CEO of the Australian arm of Frucor, which makes the energy drink V, says it's important to impress upon staff that they work for a values-based company.

"It's the way it is at Frucor — it's the way we think, it's the way we behave, it's the foundation stone

of the business." Moss says playing to your strengths is often not sufficient.

"You want to find the things you are good at and then take them to the next level.

"One of the great difficulties in business is not necessarily strategy but the way you work together — it is one of the differentiators in our business and it is really one of the only things that can't be copied."

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Jan Pacas
Managing Director
Hilti (Aust.) Pty Ltd

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Instant rewards tend to serve a highly encouraging purpose

JAMES SHERBON

"REWARD and recognise good work." It sounds simple, but it's an area where many managers fall down.

Express Data's CEO David Gage says in tough economic times it is vital to recognise good work. The head of one of the nation's largest IT distribution organisations says there is a strong correlation between an engaged team and profitability.

"One of the biggest mistakes is cutting into the muscle of the business when times are tough," he says. "That is when you should be investing most in your people."

Gage says he first communicates a clear vision for the organisation to his staff at every level.

"Empowerment is extremely important. You need to let staff take ownership of ideas, to innovate, succeed and yes, to sometimes fail."

And when it comes to recognition it is important to understand that there is no single mechanism you can employ to recognise your staff that is going to drive engagement.

"You need to at every level have an understanding of what motivates people; some respond to financial motivation, some want to be publicly recognised, some want to be privately recognised for what they have achieved.

"They get different rewards for what they contribute to the business, whether it is financial or through promotion or development. We have steered away from tenure; you don't give someone a promotion just because they have been in a position for six or seven years. We reward performance."

Mike Best, the CEO of Perth-based Wood and Grieve Engineering, says it is important to differentiate and recognise a good performance compared to someone who is underperforming.

"People want to be recognised and that is the feedback we



AMOS AIKMAN

Express Data chief executive David Gage

get from the Aon Hewitt survey. "If staff see that good performance is not being recognised, then they are very quick to point it out. Naturally the poor performers would prefer we didn't point out how they are going."

Rewards start with swift increases in salary: "You have to be prepared to pay someone who is good at their job more than someone who has the same job but does not do it as well; you don't hide behind salary bands."

It also includes fun things like a bottle of Grange for someone who turns over \$1 million in fees, in addition to other bonuses.

There are ad hoc rewards as well. "If someone puts in long hours, we might tell him to take his wife out to dinner and pick up the bill, or take the family on a trip on us," Gage says.

Why is this so important? Basi-

cally you need to hang on to good people. He compares his job to parenting: reward success immediately. "You can't let a day, then a week and a month, go by when you're a parent — you are supposed to catch your kids doing something good, not doing something bad."

Lisa Rennie, general manager of Brisbane-based personal injury law firm Trilby Misso, says it is important for people to know what they are doing is of value to the organisation.

"At Trilby Misso each employee understands their part and what needs to be done," she says.

Rewards include bonuses, gifts, an employee of the month award and a mention in the newsletter.

"It's important that if performance exceeds expectations, that should be celebrated by everybody," Rennie says.

Where would you like your office to be?

SEEK is proud to be named an Aon Hewitt Best Employer. Along the way we've gone from Aussie start-up to an ASX listed company to having a range of international holdings. We're always looking for go-getters who don't like hiding in corners, but wouldn't mind an office in one.



Clear-cut messages win hearts and minds

Peoplebank and Janssen got it right when they reworked their cultures

MARK EGGLETON

HERE is an interesting theory. If you are an employer who has a clear vision of what you are offering your employees, there's a pretty good chance you will generate a strong culture of trust and commitment. It sounds so simple yet so many organisations still tend to communicate with their employees in an opaque manner.

Which is strange, considering Aon Hewitt Best Employers can report employees who are trusting and committed contribute a great deal more to business success. It's this commitment to employees, this ability to deliver a compelling promise defining why an employee should be productive and stay, which sees these employers outperform other organisations.

It's one of the reasons why Peoplebank Australia CEO Peter Acheson decided on a company-wide cultural program to improve employee engagement. "It's a journey we started four years ago and we began at the bottom to ensure we got all the systems in the right place. Our goal was to attract, attain and retain the best people," he says.

"Moreover, we realise most of us spend around a third of our

lives in the workplace so we have a moral contract to ensure our people's time at work is challenging, fulfilling and also fun."

Peoplebank's commitment to becoming a better workplace has been strongly led by Acheson, who understood it was going to take time to become a Best Employer because "we set objectives that had to cover every employee at every level across the country".

"We placed huge importance on employee engagement and went around the country to talk to staff and look at specific items we needed to work on," he says.

An upshot of the company's desire to be a Best Employer was the formulation in 2009 of the Peoplebank Promise that defines a set of service principles on how to treat staff, clients and candidates at the firm.

"We continue to monitor and reward our employees based on the promise... We're now genuinely an organisation I'm proud to work for but there's still a lot of improvement to come. I'd say the journey is only part of the way through. I would argue we have to do more and I want this organisation to stay a Best Employer and



DAVID GERAGHTY

Peoplebank Australia CEO Peter Acheson says his goal was to attract, attain and retain the best people

'We wanted to quantify, internalise and externalise our brands, and we engaged an external consultant to help us crystallise our key messages'

LEISL GUEST
HR EXECUTIVE DIRECTOR, JANSSEN

move even higher," Acheson says.

Another company built strongly around a compelling promise to employees is pharmaceutical brand Janssen (an offshoot of Johnson & Johnson).

According to Janssen Australia and New Zealand's executive director of human resources Leisl Guest, the company decided to build an employee value proposition (EVP) and it used employees to put it together.

"We wanted to quantify, internalise and externalise our brands, and at the time we engaged an external consultant to work with employees to help us crystallise what our key messages

were," Guest says. The result was a credo that emphasised the importance of each individual in the company as well as how the company's combined power as a team was greater than the sum of its parts. This initial EVP was reworked in 2010 to better reflect the company's offering in the marketplace as a provider of patient outcomes.

The new credo: "We are valued individuals driven as one team because patients are waiting."

For Guest, the new EVP draws more on what the company's founder Paul Janssen stood for, in that he was passionate about working with patients.

"It's a clearly defined philosophy which always comes through in who we are and the way we work. It's a local expression of how we live the original Johnson & Johnson credo every day," she says.

And it would seem to be working. In a survey last year, employee engagement was 81 per cent, compared with about 54 per cent in other pharmaceutical companies. "It's a simple statement of intent but it's what makes this organisation special — it's not just on the wall, it's pervasive in the culture and in the hearts and minds of everyone who works here," Guest says.

Commitment signed on the canvas

PERFORMANCE expectations mean a lot more than just telling people what you expect.

It comes down to the very core of your business. That is the view of the heads of the Starlight Foundation and engineering equipment firm Hilti.

The Starlight Foundation's chief executive Louise Baxter says her staff's commitment to the organisation is so important that every one of the 200 employees has signed a commitment canvas.

"Everyone painted their hands and signed up to it.

"We wanted everyone to commit to it, and if you aren't committed you need to ask why you are here.

"We also want to create a positive Starlight experience for the whole team.

"It's something we all do and if you aren't leaping out of bed and coming into Starlight every day, I want people to be wondering why they're here," she says.

She said all 200 employees, from actors, comedians, jugglers and clowns to financial officers, had made a personal commitment to help kids.

In addition to that, all employees had a goal.

"If you are in a fundraising role you will have a revenue target or you might have a very specific goal which is to find three new corporate sponsors.

"Everyone understands the strategy, everyone has a role in their team plan. And we have (key personal indicators) that we report to, all 200 members."

At the same time all workers are encouraged to try new things and, yes, to not be afraid of failure.

"We can't have a team (that) is afraid of failure. If you are not innovating, you're not really trying hard enough. What we say to people is: 'Fail quickly, but don't fail the same way twice.'"

Jan Pacas, the managing director of Hilti, says the key to his business's success is "very ambitious targets".

"The best staff are those who exceed expectations."



'We have a mentality where we expect a lot, but we also offer a lot. We give five weeks' annual leave, comprehensive training, and everyone can take part in incentives including trips to Europe.'

JAN PACAS
MANAGING DIRECTOR, HILTI

He says a lot of people are surprised how high his company's standards are, but "you get a much bigger level of satisfaction winning a big game than an easy one".

He says a big part of managing performance expectations is differentiating performance.

"If you don't differentiate performance then your best employees don't feel rewarded emotionally and monetarily.

"If the best employees saw low performance was tolerated, they would not be happy about it. For example if we find 20 per cent are very high performers, they deserve rewards; 75 per cent are solid, and 5 to 10 per cent are not doing a good job — they do not get pay rises but they do get criticism, and it is hard for them to survive within the company.

"We have a mentality where we expect a lot, but we also offer a lot. We give five weeks' annual leave, comprehensive training, and everyone can take part in incentives including trips to Europe."

JAMES SHERRON

Achievement reflects business sense

THE WINNERS

BEST OF THE BEST

Microsoft Australia Pty Ltd
We cannot always control the circumstances in which we find ourselves, but we absolutely control how we choose to respond. Where we invest our time and our money in an organisation speaks volumes for what we value.
Rose Clements
HR director Australia and New Zealand

ACCREDITED

Alphabetical order

Chorus New Zealand Limited
It is not hard (to develop a highly engaged workforce) but you do have to commit to it and treat it just like any other business priority that needs to be revisited regularly.
Sara Broadhurst
GM, human resources

Express Data
Our greatest differentiator in a highly competitive environment

is the quality of our team.
David Gage
Chief executive

FedEx Express (New Zealand)
FedEx Express (Australia)
I always aim to walk the walk and not just say that we put our people first, but demonstrate this every day in real, tangible ways.
Kim Garner
Managing director, Australasia

Frucor Beverages Australia
Being a Best Employer will provide a great platform for the next stage of our growth.
Jonathan Moss
Chief executive

Hilti Australia
We continuously communicate and pursue our own vision and

'Where we invest our time and our money in an organisation speaks volumes for what we value'

ROSE CLEMENTS
MICROSOFT

strategy, set high expectations and celebrate success.
Jan Pacas
Managing director

Janssen Australia and New Zealand
Our organisation has been able to measure a strong positive correlation between employee engagement, customer satisfaction and business performance.
Bruce Goodwin
Managing director

Peoplebank Australia Limited
There is clearly a very strong link between being a Best Employer and business performance.
Peter Acheson
Chief executive

Seek Limited
If you can help people understand how their individual contribution plays a role in achieving company success and reward them for doing a great job, they will become passionate about contributing more. This results in outstanding performance and, ultimately, business success.
Meahan Callaghan
Group HR director

Shire Australia Pty Ltd
Being a Best Employer is 99 per cent controllable.
Dominic Barnes
General manager and vice-president

Starlight Children's Foundation
Our investment in our people has truly delivered and we have just posted our best business performance in Starlight's 25-year history.
Louise Baxter
Chief executive

Trilby Misso Lawyers
Put yourself in the shoes of your team and think about what value, as an organisation, you are offering that person.
Lisa Rennie
General manager

Wood & Grieve Engineers (Limited)
Being a Best Employer enables us to compete more effectively in the marketplace by attracting quality employees. Quality staff equals quality output and improved client satisfaction.
Morgan Phillips
Human resources manager



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Congratulations for the second consecutive year
"Thanks to everyone in our team for putting the Energy & Fizz into every day!"
Jonathan Moss, CEO Frucor Beverages Australia



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