

Case Study

Hiring and Engaging Talent Puts Company Back on Growth Track

93%

Customers of sites with the highest engagement scores reported 93% higher likelihood to recommend the company to others.

Source: GALLUP

CHALLENGE

A GLOBAL EDUCATION AND CHILDCARE COMPANY with more than 2,000 locations worldwide found itself in a financial tailspin, with falling revenues, declining enrollment and a plummeting credit rating. As the company's centers grew emptier, it lost two-thirds of its total earnings in a short span of three years. The company's ability to negotiate loans and grow its business became increasingly limited as its economic situation deteriorated.

The turmoil wreaked havoc not only on the company's financials, but on its culture as well. The organization cut costs and reduced the workforce at many of its locations, but these measures had little effect on its overall financial trajectory. Meanwhile, layoffs and budget cuts were taking a toll on the company's staff, including its 28,000 teachers.

When the new CEO took over in 2012, he quickly realized that the company was never going to cut its way to higher revenue or a stronger culture. In fact, cutting resources and staff had exacerbated the cultural rift that was widening between leaders and employees for years. It had also substantially weakened the company's ability to motivate its employees and strengthen its customer base.

APPROACH

THE COMPANY'S LEADERS were determined to find a new approach. They decided to partner with Gallup for help in improving the organization's financial performance and transforming the workplace culture. Gallup's client team began by implementing the Q¹² employee engagement survey to gain an accurate baseline reading of the company's emotional climate.

The results landed the client in the 13th percentile of Gallup's company-level database, proving objectively that the company of over 30,000 employees was one of the least engaged in Gallup's global database. Further, results were in the 25th percentile when it came to employees' willingness to recommend their organization's services to their own friends and family.

These low scores reflected the cultural misalignment between teachers on the company's front line and executive leaders, whom teachers felt were more concerned about turning a profit than providing a quality experience for students. The level of distrust was so high that only about half of employees (54%) even took the survey.

The results indicated a lack of talent at the top, so Gallup conducted a talent audit of company executives. Using the Gallup Executive Leadership Interview and performance metrics, the client team assessed executives and recommended a number of long-needed changes to effectively change the organization's DNA.

Leadership changes and team action planning helped shift the emotional environment in a positive direction, but the company needed to do more. Leaders decided to identify one metric that could describe and quantify the entire emotional environment for their employees and for the families who use the company's services.

Gallup implemented a customer survey to measure the engagement of students' families. The client team worked closely with the company to develop a simple, intuitive three-page report to help teams see how well they were succeeding in engaging families and each other. The first page used data visualization to bring employee and family engagement into one metric. Gallup specialists then spent individual time helping all 200 district managers understand their results and coaching them on how to start the right conversations with their employees and the families they serve.

The company also needed to change the way it hired teachers and staff. Previously, employees just had to pass a background check to qualify for the job. The organization knew it needed people with the natural capacity to foster the right emotional environment. Gallup began studying the company's top teachers and center directors to help them find more candidates like their best through validated psychometric assessments. Now, everyone hired — from teachers to executives — must pass a talent assessment showing they have what it takes to deliver on the demands of their role.

The partnership with Gallup resulted in more than a change in measurements and selection tools — it reflected a complete shift in the leadership team's philosophy and approach. They realized the critical need to reconnect with managers throughout the company and invest in their development. To help re-establish trust and camaraderie within the culture, executives hosted a global conference at Walt Disney World for all 2,000 of the company's field leaders. They also developed onboarding learning opportunities for front-line leaders to maximize their engagement in their first year. They raised standards overall to create educational excellence, defined by engaged teachers working with engaged parents to successfully prepare students for the future.

IMPACT

AFTER THREE ADMINISTRATIONS of the Q¹², the company has made an impressive leap from the 13th percentile of Gallup's company-level database to the 74th percentile. Gallup recently worked with the company to analyze the impact of increased engagement on business performance. The analysis categorized sites as having low, moderate or high risk in terms of employee and family engagement, and it then measured those sites' performance on the metrics most important to the company, such as revenue, occupancy, turnover and accreditation. As a result, Gallup uncovered objective evidence that engagement predicts business outcomes at the organization.

Gallup found that, compared with sites with the lowest employee engagement and family engagement scores, those with the highest scores had:

- 12% higher occupancy rates
- 59% higher financial performance toward goals
- 54% lower turnover

Further, Gallup analyzed engagement alongside customer service metrics and found that, compared with sites that had the lowest employee engagement and family engagement scores, customers of sites with the highest scores reported:

- 63% lower problem incidence
- 147% higher likelihood to be extremely satisfied with problem handling
- 78% higher likelihood to continue doing business at the location
- 93% higher likelihood to recommend the company to others

Importantly, Gallup found that centers that outperform their peers on service values related to creating a warm environment, building relationships and effectively handling problems, among others, also achieve better financial outcomes.

Through collaboration with Gallup, the company found that it could boost business outcomes by staying true to its mission and focusing on the needs of staff, students and parents. This holistic approach — encompassing leadership and employee selection and family and employee engagement — has transformed the culture and enabled the company to make a positive difference in the lives of students and their families.

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