

Motivating and Engaging Employees in a Challenging Economic Environment

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AGENDA

I. Introduction

II. Economic Landscape

- Impact on IA Resources in an Economic Downturn
- What keeps IA employees motivated?

III. Why do Employees become disengaged?

- Fundamental mistakes made by leadership
- What do leaders do to respond to the Challenge

IV. Conclusion

- Results of a Good Leadership



Overview

- According to the US Bureau of Labor Statistics, as of October 2009, the unemployment rate in the U.S. was 10.2%, New York 8.9% and New Jersey 9.8%.
- According to a survey conducted by Pew Research Center, 25% of workers who identify themselves as middle class feel somewhat likely they will suffer job loss in the upcoming year
- Employees have been affected or know someone who has been affected by seeing departments outsourced, other departments reorganized, reduced staff through voluntary and involuntary termination programs and cost cutting actions to improve the bottom line.



Employee's Current Mindset

According to the most recent Gallup Management Journal's Employee Engagement Index:

- In a typical workplace, only 29% of employees are actively engaged in their jobs while 71% are disengaged-either not engaged at all (54%) or are actively disengaged (17%).

Engaged Employee: Employees work with a passion and feel a profound connection to their company. They drive innovation and move the organization forward.

Not Engaged: Employees are essentially 'checked out.' They are sleepwalking through their workday, putting time-but not energy or passion- into their work.

Actively Disengaged: Employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged co-workers accomplish



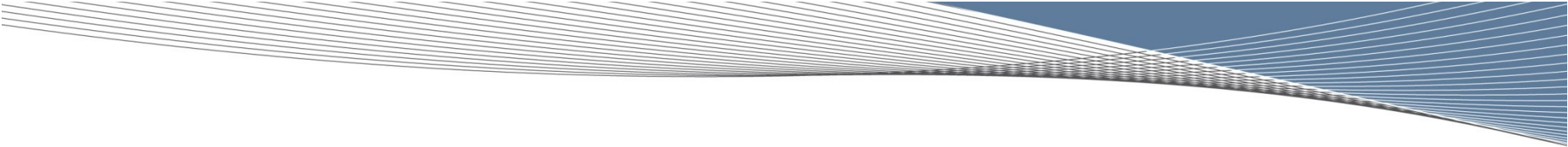
How is the ever changing economic landscape impacting your Internal Audit Resources?





Impact on Audit Departments - People

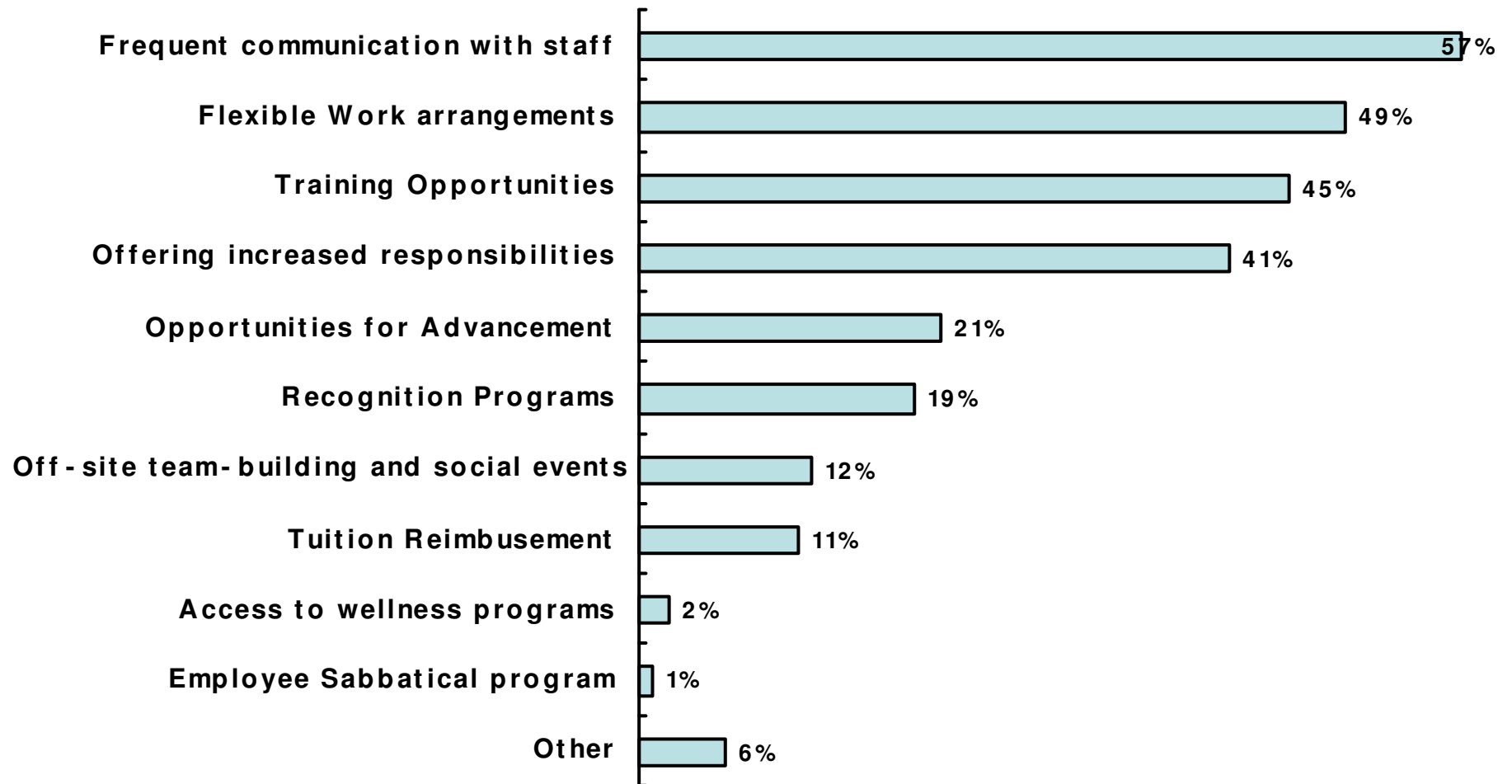
- Downward pressure on dollar budgets, thinning management levels and reduced IA scope leading to increased organizational risks
- Managing staff turnover (i.e. reduction in force, rebalancing resources)
- Challenges to provide a challenging working environment
- Need for more focused training and development to meet requirements
- Improvements needed in coverage, productivity and quality
- Need for rotational positions in and out of IA for high potential finance, compliance, risk management and operations staff



Other than financial rewards, what do you believe keeps your IA employees motivated at work?



What keeps internal audit staff motivated?



Survey completed by Robert Half Management Resources



Employees become disengaged when:

Employees become disengaged when leadership makes fundamental mistakes in their day to day operations in the following categories:

- Morale & Retention
- Productivity
- Innovation & Risk Taking
- Building Business

By taking measures to avoid these pitfalls, it will help ensure a more appealing and productive workplace!

Fundamental Leadership Mistakes

MORALE & RETENTION

- Thinking the staff can't handle the truth
- Blaming those at the top
- Feeling people are lucky to have a job
- Keeping your company's contributions to yourself
- Reducing autonomy and teamwork
- Eliminating incentives
- Thinking short term when making cuts
- Assuming one size fits all

PRODUCTIVITY

- Engaging in "Meeting Mania"
- Trimming training
- Making work "mission impossible"
- Equating busy with productive
- Postponing recruiting efforts



Fundamental Leadership Mistakes (cont.)

INNOVATION & RISK TAKING

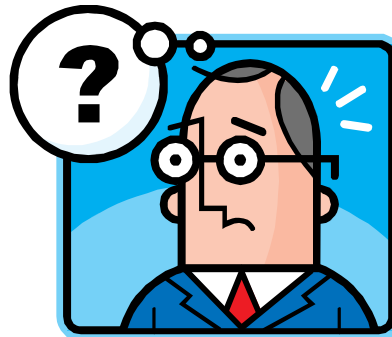
- Playing it safe
- Crushing critical thinking
- Having information under-load
- Building creative blocks
- Creating a 'no-ideas' zone
- Waiting for the economic turnaround to make changes

BUILDING BUSINESS

- Not considering the economy's effect on customers
- Sacrificing quality
- Making the wrong cuts
- Shifting the focus from the front lines
- Not asking for employees' help in expanding business relationships
- Tying your employees' hands
- Not appreciating the customer



What do IA managers need to do to effectively respond to challenges facing their employees?



Remember: It's a Two Way Street



Both employees and managers must play key roles in the success of an effective working relationship:

- The **Employee** must ensure he/she takes an active role in, and be responsible for, their own learning and development. Be pro-active in reaching out if something is causing you angst.
- The **Manager** must ensure they are making the effort to be supportive, encourage their employees, provide open, honest and timely feedback, and partner with employee to identify issues and resources necessary to be successful.



Improving Morale & Retention

It's important to remember that strong performers can land a new job no matter what is going on in the broader economy!

- **Encourage open dialogue with supervisors and employees**
 - Set clear role and performance expectations and provide regular coaching and feedback
 - Open and honest communication around the state of the business and why/how decisions are made
 - Employees must take ownership of their career, be pro-active.

- **Provide outside resources to employees**
 - Encourage employees to leverage professional associations and networking opportunities
 - Become active in a non-profit or board position to increase leadership and business skills
 - Improve use of the IA Intranet sites to share information

- **Low and no cost incentives- Use your creativity**
 - Flexible work arrangements
 - Job rotations, new assignments in industries you may not be familiar with
 - Recognition programs, evaluate and differentiate performance
 - Training opportunities outside and within the organization

Improving Productivity

- **Effective Meetings**
 - Town hall meetings after each Board Audit Committee Meeting
 - Annual conferences for all IA people
 - What's on your mind lunches?
- **Provide Training Opportunities**
 - Company sponsored trainings-knowledge sharing/Cross training
 - Leverage web-based trainings
 - Free seminars/round table events
- **Review current workload of remaining employees**
- **Encourage Employees to work efficiently**
- **Consider using contractors/flexible workforce to fill gaps during peak periods**
- **Offering Increased responsibilities**





Improving Innovation, Risk Taking

- **Be creative to distinguish your company from others**
 - Break new ground
 - Maintain that competitive edge
- **Provide opportunities for employees to challenge the status quo**
 - Reward employees for bringing up concerns or suggesting solutions
 - Interactive intranet Q&A forums
- **Leverage the blogs and social media to assist with getting employees to voice their ideas**
- **Act quickly on good ideas, do not wait for the “economy to turn around”**



Building Business

- **What our the customer's needs?**
 - What impact does the economy have on your customers?
 - Remain current on market trends/updates
- **Maintain performance and service levels despite changes in workload**
 - Ensure deadlines are being met, employees are not dropping the ball due to increased workloads.
- **Empower employees**
 - Challenge employees to suggest ways to achieve business goals without sacrificing productivity.
 - Expand relationships by introducing employees to customers
- **Remind your clients/customers that they are appreciated and respected**

The result of good leadership ...



Researchers from Zenger Folkman found that the more effective a leader is at inspiring and motivating others:

- **The higher the percentage of employees who are committed and actively engaged.**
- **Tend to have direct reports who are more satisfied and overall committed**
- **Better able to retain employees**
- **Better productivity- ability of the team to get projects done on time and increases the willingness of less-motivated employees to work harder**
- **Overall productivity increases = increased profits**



How Inspired Colleagues Behave and Contribute?

- **Increased productivity**
- **Confidence**
- **Optimism and hope**
- **Initiative**
- **Responsible behavior**
- **Enthusiasm**
- **Resiliency**



Closing Thoughts....

Remember: At the most fundamental level, providing clear vision and direction is a tangible expression of the leader treating other people in the organization with dignity and respect !

The key is for each individual to identify which skills and styles are comfortable and can be used personally to create in others the passion they feel for their work and their commitment to developing resources.



Questions/Comments??



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