What Keeps CEOs Awake At Night

A conversation with European Drucker Forum CEO Richard Straub about building employee engagement

If there is one thing CEOs worry about, it's their employees: more than one-third of the workforce is disengaged, doing just enough to get by.

According to the Steelcase Engagement and the Global Workplace study, 37 percent of the world's workers are disengaged. Another 29 percent teeter between engaged and disengaged. So how can leaders boost engagement? Build community, says Richard Straub, a veteran of over three decades in leadership positions at IBM. He's currently the president of the Peter Drucker Society Europe, and heads one of the foremost thought leadership conferences in the field of management, The Global Peter Drucker Forum, druckerforum.org.

360: Why do you think so many employees, in companies large and small, around the world, are disengaged?

RS: One of the biggest reasons is that people don't feel a sense of community. Fundamentally, the foundation of a community is a joint purpose: Having a compelling reason to be part of the organization is why people become engaged. It seems an easy thing to do, but it's quite hard.

360: How do you develop community?

RS: The first test is, is there a base of trust in the organization? Can the people in the community trust their leaders… that their leaders will stand for them? Trust needs to be earned; it's not something to be declared. As a leader, you must gain it through behavior. Next, what are the values of the company? Values are not just about feeling good; values are the deep commitments to priorities that guide decisions. We might say employees are our most important asset and we care about them, but do the decisions we make when forced to make tradeoffs consistently show that? It starts at the top and it goes down the chain.

Communities form around people actively communicating and living shared values. Organize activities across different functions; make connections across the organization easy, so employees can easily communicate across the lines. How much an organization is siloed expresses how difficult it is to build communities. How easy is it for employees to easily communicate across levels of hierarchy? How well do leaders ensure that there is enough incentive for achieving the common objective? These are very concrete things. Some companies are very hierarchical and very bureaucratic, and that kills community. When you allow people to work across silos, it's possible. Accomplishing this takes different forms in different organizations.

360: Can you give an example of an organization with a thriving sense of community?

RS: Well, you see it often in startups. They have so much energy you can feel it. All the members of the team can relate to the purpose of the organization, each person fully identifies with it, and they even know that their work may make or break it. It's that entrepreneurial spirit, the energy it creates when people feel they have responsibility and are accountable for results. They have a common experience of going through something which may be difficult, and then having the joy of having created something which otherwise would not exist.

360: But not everyone works at a start-up.

RS: The age or size of the organization really doesn't matter. It's about leading in a bureaucratic way or in an entrepreneurial way, enabling entrepreneurial innovation within the context of the bigger purpose. You have to give people a bit of flexibility and let them do things, even though they might take time and not deliver against your short-term objectives. Innovation is something that people need the freedom to work on. Some companies, following a famous practice by 3M, have done it by granting employees some percentage of their time to pursue ideas not part of their assigned work. Again, each company can find its own ways, but a big part of being an effective leader is resolving the contradiction between the short-term pressures imposed by stock markets and speculative investors, and the long-term need for motivated, passionate and innovation-oriented communities.

Each organization is a living organism with its own history, its own DNA, its own culture. One of the big leadership challenges is finding the right mix for your organization, to enable your team and your community to find their own way, by self-organizing in the right way, while not allowing chaos. A leader can never just say, "Okay, you guys are on your own–do it yourself." It's about providing a reasonable framework within which self-organization can work.

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DR. RICHARD STRAUB

360: You write in one of your blog articles that, "The so-called demographic time bomb is one of the big threats and opportunities as we move into the 21st century." Rather than expecting people to leave the workforce because of their age, what should leaders do to keep "all brains on deck?"

RS: This issue needs to be addressed by company leaders in tandem with political leadership in Western democracies. In the coming years we will see four generations working side-by-side in workplaces. The current regulatory framework is totally inadequate as it is based on an industrial-age model that assumes a three-stage life: education, work, and retirement. This was a fair assumption in the time of Bismarck, when the first state retirement schemes were introduced, but as health and life expectancies have soared, it has become totally invalidated. We need to recognize the strengths and capabilities that people develop in the different phases of their lives and allow them to keep serving the common good.

360: Young people are said to be hungry for mentors. How much of a leader's time should be devoted to mentoring, and what's the best way for leaders to do that?

RS: There is no standard recipe for that. However, with growing experience, the competence to mentor others increases. Peter Drucker was always skeptical that leaders could accomplish much through their declarations. If something, like mentoring, was a good idea, he wanted to see it systematically embedded in practices and processes. A classic example of making mentoring systematic is the dual vocational education system in Germany and Austria where education has been combined with practice-oriented mentoring for decades, with outstanding results.

360: Lynda Gratton, at London Business School, emphasizes that much of the knowledge that experienced workers have is tacit knowledge. How can leaders get generations to commingle and spend time together, and encourage knowledge transfer?

RS: Much has been written about knowledge management systems to facilitate knowledge sharing, and, lately, social media for even more flexible ways of communicating and distributing relevant knowledge and experience across organizations. However, we should not assume that all these great digital tools will be effective in the absence of the traditional, analog approaches to encouraging human interaction: the water coolers, the smokers' corners (yes, smokers still exist), the open spaces that make it easy for people to informally exchange the tacit communications that have not and perhaps cannot be put on digital systems.

360: What role does space play in supporting leadership in building community?

RS: With executives under permanent cost pressure, too many companies have moved into the direction of reducing and eliminating physical workspaces as the locus where the work actually happens. Everyone buys into the notion that, in a flat world, it does not matter where you are located; you will have the digital tools to communicate and collaborate with your co-workers as you like. However, more and more executives are discovering that this cost-driven savings model is flawed. Work is a social process. You can and should use digital tools to support work, but you can never substitute the rich community connections that are being established in places of encounter and exchange.

For me, space is fundamental. In recent years there has been a belief that you can replace personal interaction with technology. It may be true to some degree, but of course it's not true for the essence of human interactions. Take virtual teams. You can use technology to support the team, but only if the team has had the chance to get together and build trust beforehand. For building trust, for establishing the deep connection that supports cooperation and teamwork, for laying the foundation of community, you need face-to-face interaction.

When it comes to building community through the design of workspaces, I think in the future it will be increasingly about creating space for not only your employees to interact but your partners, too. Video technology is finally to a point where it's much better. It doesn't replace the personal interaction but it is a much better technology. I'm not discounting technology, but I believe human interaction comes first. Leaders provide what people need for these human interactions. Then, they provide the technology that can enhance our role as a global team. It's about tension, passion and getting things done together. Achieving something together.

360: As you travel across Europe and meet with leaders of different companies, which workplaces impress you the most? Which ones cause you to think, "This is the kind of place where I would like to work?"

RS: I recently had a meeting in a young organization called The Family, which invests in startups and has managed a multitude of investments through both good and difficult times. While I had a one-on-one meeting with one of their leaders, in an open space that reminded me of a coffeehouse, I could also see other meetings going on in parallel among bigger groups. The environment was comfortable, even relaxing, but there was no doubt that the meetings were totally concentrated and focused. It reminded me that the Viennese coffeehouses and the famous salons of the first half of the 19th century were places of deep knowledge-sharing across disciplines, and birthplaces of many important innovations.

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