

Your Employees Are Either Patriots or Mercenaries

So says the CEO of Nationwide. Great executives know how to engage both.

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A Q&A with Steve Rasmussen, CEO of Nationwide

-- Interviewed by Jennifer Robison

Nationwide CEO Steve Rasmussen believes strongly in workplace engagement -- and he and his executive team have put that belief into practice. When Nationwide began working with Gallup to improve employee engagement in 2008, the company's overall ranking was low compared with other finance and insurance companies in Gallup's database. And its ratio of engaged to actively disengaged employees was 2 to 1.

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By 2012, Nationwide had improved its overall engagement ranking significantly, and its ratio of engaged to actively disengaged employees had increased to 10 to 1. Nationwide was also seeing positive increases on many of its key performance metrics.

Achieving that kind of success takes more than belief. It takes hard work and commitment by leaders and all associates. In this conversation, Rasmussen explains how Nationwide does it.

Gallup Business Journal: You have observed that employees are either "patriots" or "mercenaries" in their jobs. Patriots totally identify with their company, and mercenaries are more likely to focus on personal outcomes. Are mercenaries disengaged?

Steve Rasmussen: I believe you want as many patriots as possible in your organization because they connect with the mission of the company. But even if associates have a mercenary view, that's not necessarily a bad thing. Mercenaries are still engaged in the organization's success and its purpose, and all associates work together to achieve a common goal.

Why is engagement important to Nationwide and to you?

Rasmussen: Successful organizations have people who feel like they belong to the mission and purpose of the organization. At Nationwide, there are many ways people feel like they belong, including working together to serve our members; contributing to our communities through programs such as Feeding America, Red Cross, and United Way; and supporting and collaborating with each other. Engagement is the culmination of that process. I don't view engagement as only a score.

What do you mean when you say engagement is not only a score?

Rasmussen: Engagement is a state of mind. People either are engaged or they're not. You can feel it. I can walk into any company, and I can tell you in 15 minutes whether people are engaged or not just by talking to them. Say hello to them -- you'll know how they feel.

We had been down the engagement path before, and it was "top of the house" -- metrics at the very top of the organization and nothing that was actionable. But engagement is a people-to-people issue, and the Gallup process, which begins at the individual manager level, creates an outlook of personal accountability from top to bottom in the organization.

How people think, act, and feel in the workplace is influenced by every manager, supervisor, and ultimately all associates. Our engagement program gives teams a chance to sit down and have important conversations: "What's our purpose? What are we trying to accomplish? How do we feel about it? What's getting in the way? How do we feel about working together as a team? How do we feel about supervision? How do we feel about the way we're being treated?"

Our engagement program also helps ferret out different styles of management and leadership. Styles can be incredibly different, but outcomes are the same -- they're either effective or ineffective. Ineffective managers aren't that way because they're bad people. They're ineffective because they haven't been trained to be good managers.

Some managers may never get it, but it's a small percentage. If they've been trained to manage and it's clear they are not effective, most of the time it's because they are in a job that does not play to their skills, strengths, or desires. This happens when we place them in a job because they were great individual contributors, but they didn't have the profile to be a good leader. Good managers are better at engaging teams, and engaged teams can succeed no matter what the business environment is like. Teams that aren't engaged don't do as well.

Let's talk about those different styles. Nationwide did an interesting thing a while back. You moved some of your senior leaders into new positions -- ones they'd never had before. Did you do it to put your best leaders in front of more people?

Rasmussen: That wasn't the primary reason for doing it, but it was certainly a hoped-for outcome. When you stretch people beyond their normal environment, it makes them step back and think about themselves in a different way. In many cases, our senior leaders were rotating into areas where they had limited expertise. That's an uncomfortable place. Many senior leaders get so comfortable, they start thinking that everybody ought to know what they think and how they think, what they want and how they want it.

When you don't understand how everything works, you must rely on the people who work for you and collaborate with peers. Whether or not you have worked together before, you have to work together now.

My primary motive for targeted rotations was to help reduce silos between businesses and further develop our leaders. Targeted rotation challenges silo thinking; it helped us all focus on the "greater good" for the entire organization.

How did leaders react to the idea of rotation?

Rasmussen: They were both excited and worried. This was a "rip the Band-Aid off" thing. We talked about it as an organization, but we left it up to individual leaders to position

themselves with their teams and figure out how they were going to accomplish their goals. Before long, our leaders viewed it as an opportunity to grow. They're a strong group, and they know they can do what they put their minds to; they're confident, and they know how to work together.

The change took a little time, but managing through change helps you as a leader. Leaders had to rely on their teams -- a whole bunch of teams for some of them -- and the team had to work together to achieve the best outcome, which got everybody involved. This helped people to be part of the organization and to think about their teams and other parts of the organization and about the challenges they were facing.

I am committed to promoting from within the organization, and [my top leaders] should hold me accountable to do that. This process was also a way to develop senior leaders' various skills and capabilities and their ability to manage through significant change. Our board of directors takes a hard look at people in settings where they are being stretched and have an opportunity to demonstrate personal resiliency. This leadership rotation provided the board a chance to get a different perspective on senior leaders.

Building engagement must take a lot of communication and accountability.

Rasmussen: Effective communication is critical. It must be wide and varied. People want to understand why you do what you do, and engaged people really want to see the entire organization be successful. Disengaged people don't necessarily view it that way, and that's the value of increasing engagement. You want everybody on the team to say, "If I see something that we could do differently, how do I improve that? How do I make a difference? How comfortable am I even talking about it? Do I have personal ownership of Nationwide? Am I a patriot?"

Through our engagement journey, we continue to add more and more engaged associates. These associates are helping us address opportunities and position the company for continued success. You can look at our engagement results and see that we've moved the needle quite a ways, but we still have a long way to go. It is my goal that all associates can see themselves contributing to Nationwide's noble purpose.

How do you keep senior leaders engaged? The changes you're making could be frustrating.

Rasmussen: The changes I made were developmentally focused. I believe each of the leaders understood why we made the change and could see the benefit to the company and to themselves as individuals.

What are senior leaders getting at Nationwide that they couldn't get anywhere else?

Rasmussen: At Nationwide, our leaders get purpose, connection, and development. They have an opportunity to make a difference for the associates they are fortunate to lead and for the members we serve. We may never reach the plateau of 100% engagement, but that's OK as long as we stay on the journey. We'll get better every day and continue to make progress.