“People are our most valuable asset.”

“Our employees come first.” “We’re only as strong as our people.”

These declarative statements have been a staple of the workplace for decades. Yet judging by their routine growth strategies, countless senior management teams seem to be in denial of just how accurate those statements are...... Marketing Innovators International Whitepaper

Professor Don E. Schultz, a leading authority on People Performance Management and a faculty member at Northwestern University’s Forum for People Performance Management and Measurement, writes that “extensive research on customer satisfaction...demonstrates the link between consumer satisfaction, customer loyalty, and engaged and supportive employees.”

So ... let’s contrast this reality with a recent study and report on restaurant cooks.

RESTAURANTS - A cycle of exploitation: How restaurants get cooks to work 12-hour days for minimum wage (or less) by COREY MINTZ - Special to The Globe and Mail, Published Tuesday, Oct. 27, 2015 10:04AM EDT

“Embedded in the fabric of restaurant culture, as deep as the belief in fresh ingredients and sharp knives, is the idea that asking for fair compensation is greedy or lazy. For years, I have heard cooks and chefs describe it as a badge of honor to work so hard with so little financial reward in aid of greater goals — like ownership, camaraderie and personal culinary greatness”.

Of course, developing a well-functioning and satisfied work force in the hospitality industry has to do with more than wages and tips. Studies have identified 43 HR practices that have a positive impact on the creation of shareholder value and shows that a significant improvement in those areas is associated with a 47 percent increase in market value. Among the most important contributors were total rewards and accountability, a collegial and flexible workplace, recruiting and retention excellence, communication integrity, focused HR services technology and prudent use of resources.

The clear implication of these studies and other studies like them is that the correlation between employee satisfaction and financial performance no longer resides in the realm of the theoretical. The correlation is very real, and understanding that is critical for today’s business leaders. Take a look at a case study presented in the Marketing Innovators Whitepaper.

Case Studies: Leader Companies that “Get It”

Taco Bell In an HBR article over a decade ago, found that 20 percent of Taco Bell restaurant branches with the lowest turnover rate enjoyed double the sales and a 55 percent improvement of profit over those stores with the highest turnover rate. These kinds of findings are gaining notice among a rising number of sophisticated companies that, in turn, are structuring their own growth strategies around an understanding of the importance of employees in generating profits.
Strengthening the Employee Satisfaction/Profitability Chain - The ample research results and anecdotal evidence both lead to the same, inevitable conclusion: The link between employee satisfaction and financial results is a very real and tangible one, and represents one of the few remaining opportunities for competitive advantage.

How do companies strengthen that link in such a way that employee satisfaction translates to customer satisfaction, which in turn leads to better profitability?

Effects of Employee Satisfaction on Company Financial Performance - The Marketing Innovators International Whitepaper concludes:

Today, the linkage between employee satisfaction and financial performance is undeniable, based on numerous studies that support the correlation. As a result, companies have a rare opportunity to gain competitive leverage and differentiation by harnessing their greatest asset: their employees. Employees, in fact, are the most critical point of differentiation for any company in today’s business environment.

The correlations are clear: Satisfied employees generate satisfied customers, who in turn build long-term relationships—and spend more money. This presents a tremendous finding for corporations, most of which do not maximize the power of their employees. A major survey conducted by the Public Agenda Forum indicates that fewer than 25 percent of workers are working to their full potential. And 75 percent said they could be significantly more effective in their jobs than they are. Plus, 60 percent believe they don’t work as hard as they did in the past. These are certainly not the characteristics of satisfied, engaged employees. With stronger leadership and a workplace that understands and values the power of employees to impact financial results, the possibilities for growth are endless.

So … A question remains - How do you get satisfied employees?

The ORHMA Employee Satisfaction Survey is a great tool for you to start to measure and benchmark a vital aspect of your operations - use it.

By: John Platz, HR/IR Satellite Inc.

References
[2] A cycle of exploitation: How restaurants get cooks to work 12-hour days for minimum wage (or less) by COREY MINTZ - Special to The Globe and Mail, Published Tuesday, Oct. 27, 2015 10:04AM EDT