ENTERPRISE
ENGAGEMENT ALLIANCE

Enterprise
Engagement
and
ISO Standards

An eBook of the Enterprise Engagement Alliance

**By Bruce Bolger
and Allan Schweyer
Edited by Richard Kern**

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Enterprise Engagement and ISO Standards

The International Organization for Standardization
Leads the World Toward Engagement

A complete guide to ISO standards and other activities
related to engagement across the enterprise

• The ISO Roadmap for Engagement in Quality Management
• What's Ahead for More ISO Engagement Standards
• The Potential Impact on Organizations Worldwide

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Introduction

ISO Leads the Way on Engagement Standards Applicable Today

The International Organization for Standardization has already published principles and standards that address many of the issues involved with Enterprise Engagement and the questions being asked by investors, with more on the way.

In 2017, ISO, the International Organization for Standardization, approved the creation of formal standards for the implementation of engagement practices in business, based on a proposal from the Enterprise Engagement Alliance. The first working group was held in May 2017, and if the process runs smoothly formal standards could be approved by 2020 or earlier.

Organizations seeking to profit from engagement do not have to wait. ISO 9000 has already created valuable principles and voluntary standards published in 2012 for the purposes of quality management that anyone can start applying today for the creation of more effective leadership training, assessment, communications, learning, incentive, recognition, loyalty and other types of initiatives to build better relationships with people in business. ISO's principles and guidelines not only overlap with the types of information major investors are seeking from public companies worldwide on topics related to human capital and engagement, but largely correspond to the framework and implementation process first published by the Enterprise Engagement Alliance in 2009.

This eBook is for any organization that seeks to profit from the work of ISO, the Enterprise Engagement Alliance, and others to start implementing engagement strategies today.

Whether developed by organizations such as ISO or others, standards are beneficial to the emergence of a formal field. As is evident in the field of engagement today, a lack of clear definitions, nomenclature, or an agreed-upon process framework lead to confusion, poor results and wasted time that helps explain why engagement levels of both customers and employees remains low, despite large investments in marketing and human resources.

In a recent *Harvard Business Review* (HBR) article, <u>Why the Millions We Spend on Employee Engagement Buy Us so Little</u>, author Jacob Morgan says organizations need to take a more long-term, strategic approach to employee engagement. The greatest gains, he writes, go to those organizations that focus specifically on the employee experience, which he defines as "*investments in technology, physical, and work environments.*" But what does that mean in practical terms?

The working group in charge of ISO 9001 quality management standards that are followed by about 1.3 million companies worldwide, as well as several coalitions of investors with investment capital of $15.6 billion and the Enterprise Engagement Alliance, have provided more specific answers. Through completely independent initiatives, and likely unaware of each other's activities, they prescribe a formal enterprise-wide approach to engagement to achieve financial and other key goals on a sustainable basis through people.

If ISO, these investor communities, and the Enterprise Engagement Alliance are correct, it turns out that what most organizations lack is a formal, strategic approach to enterprise engagement based on aligning all constituencies around a common brand and purpose, and by integrating and aligning the many engagement tactics often siloed in organizations and working at cross purposes. The solution involves not employee engagement or the employee experience, but an ongoing process to connect that engagement across the organization to customers, distribution partners, vendors and other communities that contribute to an organization's success.

The standards and research suggest that organizations can achieve better results through the design and integration of traditional engagement tactics, including leadership training, assessment, communications, learning, innovation and collaboration, rewards and recognition, recruitment, and analytics.

The reason employee and customer engagement refuses to budge is that most organizations lack not only the commitment but the knowledge and implementation of a formal, strategic process or structure to address the connection between engagement across the organization. They simply do not know where to start because engagement remains a little-known subject not taught in business schools or written about in the mainstream business media.

The Investor Community Weighs In

Whether with knowledge of ISO standards or not, investors have embraced the importance of engagement and the need for a formal process. CalPERS, the nation's leading pension fund, submitted a concept paper last year with the Securities & Exchange Commission requesting that public companies be compelled to disclose their human capital investments and information on the engagement of employees and customers, learning and communication practices, incentives, and more. (See http://enterpriseengagement.org/Q-A-with-CalPERs-on-its-Strong-Support-for-Human-Capital-Disclosures-by-Public-Companies/)

The Human Capital Management coalition of 26 U.S. pension funds, with combined assets of $5.6 trillion, specifically asks public companies to disclose information on human capital investments, employee and customer turnover, and much of the same information

advocated by CalPERS, which is a member of this coalition. (See http://enterpriseengagement.org/newswire/content/8472962/26-trillion-investor-coalition-sees-link-between-human-capital-management-and-shareholder-return/)

Larry Fink of BlackRock Group, the world's largest private investment firm, recently called upon public companies to make larger and more strategic investments in human capital and emphasized the need for far greater disclosure on actual practices and results. (See https://www.blackrock.com/corporate/en-us/investor-relations/larry-fink-ceo-letter)

Their interest is justified. In a study published in *HBR* in 2016, (See https://hbr.org/2016/03/28-years-of-stock-market-data-shows-a-link-between-employee-satisfaction-and-long-term-value), Alex Edmans, Professor at the London Business School, found that companies on the Great Places to Work ™ list consistently outperformed the stock market indices over nearly three decades. Similarly, the Engaged Company Stock Index, managed by analytics firm McBassi & Co., which uses 12 sources to identify companies with high levels of customer, employee, and community engagement, has outperformed the S&P 500 by 25.6% over the last four years, with consistent performance from year to year. (See http://www.TheEEA.org.)

This e-book, published with the generous support of Canon Special Markets, provides a complete update on the status of ISO standards on engagement and points the way to their application starting today.

Chapter 1
The Role of ISO Standards in Business and People Management

Standards have improved measurement and processes for thousands of years. From the ancient Egyptian "*cubit*" – a crude measure of the distance from the bend of the elbow to the end of the index finger (plus the width of the palm of the incumbent Pharaoh's hand) – to the width, or "*gauge,*" of railroad tracks, standards have grown in step with the complexity of global economies and societies.[1]

Today, standards assist consumers, governments, manufacturers and service providers across every conceivable industry and profession, from accounting to zoology. Standards and specifications are needed to remove obstacles in trade, to ensure quality, to aid organizations in compliance, to guide consumers in their choices and to ensure greater interoperability among products. Imagine, for example, if there were no standard size for batteries, or if buildings in North America used randomly-sized electrical outlets.

Though standards began as measures, quality checks and to make things like trains work across state and national lines, their utility in other "softer' arenas has grown too, including standards for how people and organizations should behave. The ISO 14000 standard, for example, describes how organizations should conduct themselves concerning their environmental impact.[2] The ISO 9001 standards, which address quality assurance, speak to employee performance management as well. And, as of 2017, the process of creating new ISO standards specific to engagement has begun, an effort based on a proposal from the Enterprise Engagement Alliance, which is Project Leader for the effort and acting convener, in conjunction with the United Kingdom.[3]

The ISO (International Organization for Standardization), headquartered in Switzerland, is made up of the national standards bodies of virtually every nation on earth. With more than 21,000 published standards, it leads today's international efforts. Since 1926, when it operated as the International Federation of the National Standardizing Associations (ISA), ISO has worked across national boundaries, navigating politics and diverse interests to reduce friction and improve quality assurance around the world.

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[1] Standardslearn.org (see: https://www.standardslearn.org/lessons.aspx?key=26&okey=2)
[2] University of Pittsburgh (see: http://www.sis.pitt.edu/mbsclass/standards/martincic/14000ovr.htm)
[3] Engagement Strategies Media (see: http://enterpriseengagement.org/ISO-Engagement-Standards-Part-I-Why-Now-Research-and-Potential-Implications/)

How and Why Organizations Comply with ISO Standards

As of 2014, more than 1.3 million organizations worldwide held ISO 9001 certifications alone.[4] Compliance with ISO standards is voluntary. Organizations follow the standards either to improve processes and quality as an internal exercise, or to become "*ISO certified.*"

Initial certification is typically a three- to six-month process, sometimes including the elevation of processes to meet the standards and then compiling thorough documentation of those processes. Once this has been achieved, an initial third-party audit is conducted. ISO itself does not certify. This is done, for a fee, by a network of thousands of certification bodies worldwide. In choosing a certification body, consider providers who have been assessed by CASCO (ISO's Conformity Assessment body). CASCO determines the requirements a certification body needs to comply with to demonstrate it is competent to certify organizations under specific ISO standards.[5]

The companies that audit for ISO compliance are always separate from the companies that provide certification support services to minimize the potential for conflict of interest.

If an organization passes the certification audit, it receives certification good for three years. If not, the organization must resolve the issues flagged by the audit. To maintain certification, organizations must conduct ongoing annual audits during the three years and a recertification audit at the end of each three-year cycle.[6] [7]

Certification tells an organization's customers and other stakeholders that the organization has met and adheres to defined quality standards and/or product specifications. This boosts the organization's reputation for reliability and/or compliance with international standards. It may attract more customers and/or qualify organizations as suppliers to buyers who insist on ISO Certification.

How it Works

ISO operates mainly through its thousands of active technical committees and working groups, each comprised of interested service suppliers, manufacturers, governments, academics and other concerned individuals from anywhere on the planet. Those involved must demonstrate expertise in the subject matter area relevant to the proposed standard.

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[4] Wikipedia (see: https://en.wikipedia.org/wiki/ISO_9000)
[5] See: https://www.iso.org/conformity-assessment.html
[6] ACS Registrars (see: http://www.iso9001.com)
[7] Quality Digest (see: https://www.qualitydigest.com/inside/quality-insider-article/maintaining-iso-management-standard.html

The process is inclusive and highly procedural. First, a new standard must be proposed. This can only come from an organization that already has been elected to service on a country's Technical Advisory Group (TAG). The proposed standard is subject to a vote of the TAG in the country in which it was submitted. If approved, the proposed standard is then presented to the international body at the ISO plenary session, generally in September of each year. The international body can vote to put it to a vote, which is a four month process conducted online. If approved by two-thirds of participating countries, a separate vote is required to elect a country to convene the working group. The working group (comprised of experts from all over the world who are TAG members or observers) first meets to discuss the standard and what it should contain. Meetings are both in-person and remote. Participation can be active (as in helping to draft the standard) or at arms-length (observe with ability to provide input but with no vote.)

Draft standards are produced and shared with interested persons on the committee – both active members and vote-only members. Members work to build agreement and consensus. Revisions are made and the standard is put to a vote by the committee.

A draft may be approved on the first vote of international members or revised further and voted on again before ultimately becoming an official ISO standard. The entire process takes, on average, three years.[8]

Standards Involving People

The ISO has developed thousands of standards addressing people; including how they work, the quality of their outcomes and safety in the workplace. ISO TC94, for example, addresses personal safety for healthcare professionals, including protective clothing and the safe use of equipment. ISO TC198 provides requirements for the sterilization procedures healthcare workers should adhere to in hospitals and clinics.[9]

The ISO 9000 quality series of standards describe how organizations can boost performance around customer service, leadership and decision-making.[10] These standards cover quality in people-driven processes, including everything from writing manuals to choosing vendors and subcontractors.[11] Many other ISO standards impact people and their actions at work. ISO TC 267, for example, addresses "*strategic sourcing in facilities management, and the development of agreements;*" ISO 11568-1 addresses the management of specific financial

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[8] International Organization for Standardization (see: https://www.iso.org/ developing-standards.html)

[9] ISO and Health (see: https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/pub100343.pdf)

[10] Engagement Strategies Media (see: http://enterpriseengagement.org/ISO-Engagement-Standards-Part-I-Why-Now-Research-and-Potential-Implications/#a)

[11] University of Pittsburgh (see: http://www.sis.pitt.edu/mbsclass/standards/martincic/iso9000.htm)

security principles for bankers.[12] ISO 31000 addresses risk management, ISO 22222, personal financial planning, etc.

As above, ISO has developed thousands of standards aimed at measuring and improving what people do at work and how they do it, so it isn't surprising that is has recently approved the development of standards around engagement.

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[12] International Organization for Standardization (see: https://www.iso.org/committee/49670/x/catalogue/)

Chapter 2
ISO Engagement Standards: Why Now
Research and Potential Implications

In 2015, the International Organization for Standardization (ISO) issued an update to its widely followed 9001 standards that included the addition of new Quality Management Principles. This document outlines the fundamental conditions necessary for an organization to sustain high levels of quality and performance. While not officially part of the 9001 standards, and general in nature, the report recommends that organizations can benefit by beginning now to find their own tactical strategies for baking these principles into their organization.

In outlining next steps, the report advices: "*This document provides a general perspective on the quality management principles underlying ISO's quality management standards. It gives an overview of these principles and shows how, collectively, they can form a basis for performance improvement and organizational excellence. There are many different ways of applying these quality management principles. The nature of the organization and the specific challenges it faces will determine how to implement them. Many organizations will find it beneficial to set up a quality management system based on these principles.*" In other words, ISO says there is no reason for organizations to wait until formal standards are created to start applying these principles.

The report also states that these principles apply to many other standards and will be coordinated to align with management principles used by other ISO certifications.

Now that ISO has approved a formal working group to create formal standards on engagement, the Quality Management Principles provide a clear foundation upon which to create the more granular standards. Anyone familiar with the Enterprise Engagement Alliance's framework and implementation process for Enterprise Engagement will see a clear overlap related to the focus on engaging all constituents – customers, employees, distribution partners, vendors, communities, etc. – and the need to integrate and align these efforts across the organization. "*Having such a clear blueprint from ISO could make the job of creating standards easier,*" says Bruce Bolger, EEA founder and project leader for the ISO Working Group on Engagement. "*We believe the document provides a very clear roadmap for standards.*"

Updated 9001 Quality Management Principles

Below is an overview of the Quality Management Principles issued in 2015, four of which specifically involve engagement. Please note that while these principles have been conveyed to ISO 9001 companies, as well as holders of other ISO certifications related to people practices, these are not standards. However, they are the basis for the 10018 employee involvement standards issued later and outlined in Chapter 4. The 10018 standards issued later are aimed at helping organizations identify and implement the specific strategies and tactics appropriate to their organizations to build the quality management principles into their culture. Here is a link to a complete copy of the ISO Quality Management Principles: www.iso.org/iso/isofocus_113.pdf

The Quality Management Principles are:

1) Customer Focus
2) Leadership
3) Engagement of People
4) Process Approach
5) Improvement
6) Evidence-Based Decision-Making
7) Relationship Management

While the principles are focused on process, four are more specifically related to people and engagement: Customer Focus, Leadership, Engagement of People and Relationship Management. Below is a verbatim outline of the new Quality Management Principles that pertain to engagement. This document creates a blueprint not only for quality management, but also for any organization seeking to bake Enterprise Engagement into their culture starting now.

QMP 1: Customer Focus

A focus on the link between customer needs and the organization's mission is a foundational principle of enterprise engagement. The primary focus of quality management is to meet customer requirements and to strive to exceed customer expectations.

Rationale: Sustained success is achieved when an organization attracts and retains the confidence of customers and other interested parties. Every aspect of customer interaction provides an opportunity to create more value for the customer. Understanding current and future needs of customers and other interested parties contributes to sustained success of the organization.

Key benefits:

- Increased customer value
- Increased customer satisfaction
- Improved customer loyalty
- Enhanced repeat business
- Enhanced reputation of the organization
- Expanded customer base
- Increased revenue and market share.

Actions you can take:

- Recognize direct and indirect customers as those who receive value from the organization.
- Understand customers' current and future needs and expectations.
- Link the organization's objectives to customer needs and expectations.
- Communicate customer needs and expectations throughout the organization.
- Plan, design, develop, produce, deliver and support goods and services to meet customer needs and expectations.
- Measure and monitor customer satisfaction and take appropriate actions.
- Determine and take actions on interested parties' needs and expectations that can affect customer satisfaction.
- Actively manage relationships with customers to achieve sustained success.

QMP 2: Leadership

Leadership is a critical component of the enterprise engagement framework. Leaders at all levels establish unity of purpose and direction and create conditions in which people are engaged in achieving the organization's quality objectives.

Rationale: Creation of unity of purpose and direction and engagement of people enable an organization to align its strategies, policies, processes and resources to achieve its objectives.

Key benefits:

- Increased effectiveness and efficiency in meeting the organization's quality objectives
- Better coordination of the organization's processes
- Improved communication between levels and functions of the organization

- Development and improvement of the capability of the organization and its people to deliver desired results.

Actions you can take:

- Communicate the organization's mission, vision, strategy, policies and processes throughout the organization.
- Create and sustain shared values, fairness and ethical models for behavior at all levels of the organization.
- Establish a culture of trust and integrity.
- Encourage an organization-wide commitment to quality.
- Ensure that leaders at all levels are positive examples to people in the organization.
- Provide people with the required resources, training and authority to act with accountability.
- Inspire, encourage and recognize people's contribution.

QMP 3: Engagement of People

Note that the authors say "*people,*" not employees. The entire enterprise should be engaged.

Rationale: To manage an organization effectively and efficiently, it is important to involve all people at all levels and to respect them as individuals. Recognition, empowerment and enhancement of competence facilitate the engagement of people in achieving the organization's quality objectives.

Key benefits:

- Improved understanding of the organization's quality objectives by people in the organization and increased motivation to achieve them
- Enhanced involvement of people in improvement activities
- Enhanced personal development, initiatives and creativity
- Enhanced people satisfaction
- Enhanced trust and collaboration throughout the organization
- Increased attention to shared values and culture throughout the organization.

Actions you can take:

- Communicate with people to promote understanding of the importance of their individual contribution.
- Promote collaboration throughout the organization.

- Facilitate open discussion and sharing of knowledge and experience.
- Empower people to determine constraints to performance and to take initiative without fear.
- Recognize and acknowledge people's contribution, learning and improvement.
- Enable self-evaluation of performance against personal objectives.
- Conduct surveys to assess people's satisfaction, communicate the results and take appropriate actions.

QMP 7: Relationship Management

This principle aligns with the fundamental proposition of enterprise engagement: Optimal results are achieved when everyone who touches the organization is engaged, including distribution partners, suppliers, communities and shareholders. For sustained success, an organization manages its relationships with interested parties, such as suppliers.

Rationale: Interested parties influence the performance of an organization. Sustained success is more likely to be achieved when the organization manages relationships with all its interested parties to optimize their impact on its performance. Relationship management with its supplier and partner networks is of particular importance.

Key benefits:

- Enhanced performance of the organization and its interested parties through responding to the opportunities and constraints related to each interested party
- Common understanding of goals and values among interested parties
- Increased capability to create value for interested parties by sharing resources and competence and managing quality-related risks
- A well-managed supply chain that provides a stable flow of goods and services

Actions you can take:

- Determine relevant interested parties (such as suppliers, partners, customers, investors, employees and society as a whole) and their relationship with the organization.
- Determine and prioritize interested party relationships that need to be managed.
- Establish relationships that balance short-term gains with long-term considerations.
- Pool and share information, expertise and resources with relevant interested parties.
- Measure performance and provide performance feedback to interested parties, as appropriate, to enhance improvement initiatives.
- Establish collaborative development and improvement activities with suppliers, partners and other interested parties.

- Encourage and recognize improvements and achievements by suppliers and partners.

Chapter 3
The Research Support for Engagement Standards

The decision in 2015 by the stewards of ISO 9001 to create Quality Management Principles that include engagement is supported by both researchers and workplace observers who have observed ISO standard compliance in action. A study of ISO compliance by professors at the Western Michigan University School of Engineering and a report in the publication *Medical Laboratory Observer* both found engagement to be a critical determinant of success.

"Based on the literature on employee engagement, survey and anecdotal data, there will likely be a low level of participation by the lowest level employees in nominally mandated quality system improvement," wrote Bryan Booker and Walter Tucker of the School of Engineering Technology at Eastern Michigan University in a paper entitled, *"Lowest Level Employee in Employee Engagement in Quality System Compliance: Audits, and Improvement."* They found that *"Quality systems audits can significantly affect employee engagement by improving the meaningfulness of the work and communicating the importance of the audit-related roles and responsibilities. The engagement factor coding summary suggested that the level of employee engagement, related to quality system compliance, may be more strongly associated with the factors of meaningfulness of the work and communication."* This would suggest that compliance efforts should involve an ongoing employee engagement process requiring sound leadership, communications, training, innovation, rewards and recognition, analytics and feedback.

The authors also found, perhaps ironically, that top management engagement is equally necessary. In other words, the C-suite should demonstrate its commitment to the process on an ongoing basis. *"Based on the literature, anecdotal and survey results, this study suggests some remedies. Strategies to increase participation in mandated continuous improvement include: Publicly obvious and continuous support from executive managers and the modeling of continuous improvement behaviors by all decision makers; policies extolling the cost-benefits of continuous improvement beyond mere compliance to external quality standards; deliberately funded and appropriately staffed units to elicit and respond to suggestions for improvement; some form of …ways to develop and communicate a few focused annual priorities for improvement; development of appropriate incentive systems including extrinsic and intrinsic rewards at all levels; and the application of lean principles and practices that both require and rely on employee involvement."*

The authors concluded, *"When the 1980s-quality movement began, there were many claims about the benefits of employee involvement. Quality standards such as ISO 9000 include*

requirements for team-based problem-solving, knowledge and awareness of quality systems among all employees, and continuous improvement as part of the audit requirements. However, there is little current evidence that the expected improvement potential has been realized."

This study suggests organizations can do a lot more to tap the power of engagement at the front lines, and that starts at the top. The authors call for a more systematic approach to the application of engagement to achieve maximum achievable results.

Applications for Other ISO Standards

Engagement applies to other ISO standards as well. Writing about ISO 15189:2007 standards on medical laboratory management, author Lisa M. Walters, PhD, MBA, wrote in the publication *Medical Laboratory Observer*, "*Quality is everyone's responsibility, but organizations with quality-management systems (QMS) still tend to surrender all quality issues to one department, even while QMS is expected to engage all staff members within the day-to-day work of the organization toward that higher quality goal.*"

ISO 15189:2007 governs requirements for quality and competence in the medical laboratory. According to Walters' article, the standards are sustained by the creation and continual improvement of policies, procedures and protocols. "*To be robust, this framework must be consistently implemented by the lab's most critical resource: humans. And therein lies the problem. People, by nature, exhibit a great deal of variation. As a result, a whole bunch of folks are difficult to control. Thus, it is easier to put the process into the reins of a limited number of hands – like one department or one person.*"

Unfortunately, she writes, "*limited control usually means limited knowledge, as information that may be vital to the process might be lost or disregarded by those that are not part of the 'Q club.' You want staff members to fully implement ISO 15189 on their own, without the signage reading, 'Not my job; take it to the quality department.' How can you get everyone on board with ISO 15189? QMS structure requires implementation, and that implementation requires engagement.*"

Walters goes on to write: "*Engagement is more than work satisfaction or loyalty. Engagement is passion and commitment, a willingness to go beyond the day-to-day by investing oneself and one's discretionary effort to help the employer succeed. This sounds a bit like an engagement of the heart, does it not? It helps to think that you do not marry someone just because you are satisfied with him or her; you marry when you are willing to invest your time, energy and self into another's goals. When you think of it that way, engagement is even more than commitment, because engagement is more action-oriented, resultant from passion. By understanding the role of engagement in organizational*

initiatives, not only will ISO 15189 elevate the lab to a new level of quality, but everyone just may want to be a part of it."

The author believes that engagement can be thought of in terms of trait engagement, state engagement and behavioral engagement.

Trait engagement is part of you like a proactive personality. Trait engagement is an antecedent of state engagement, which represents the psychological state of engagement, manifested as energy or absorption in work. The result of state engagement is behavioral engagement, and that is really where the rubber meets the road. Behavioral engagement is the discretionary work performed; it is the work we would like to see staff undertake as part of QMS implementation.

According to Walters, *"critical to these dimensions of engagement are work attributes, leadership and trust. Work attributes include challenging and important work, and work autonomy. Transformational leadership is visionary, challenging people to achieve the exceptional. It inspires, and it provides clear expectations, fairness, recognition of exceptional behavior and realization of existing staff competencies."*

She also asserts that *"Trust is a fragile but necessary component. Lack of trust equals no engagement, and no sustainable ISO 15189.The primary responsibility of building trust is on management. Trust means openness, honesty, two-way communication, willingness, to be influenced and willingness to change if necessary. Trust encourages self-control, as opposed to control through direct supervision."*

Prior to beginning accreditation processes, she urges people to *"explore how engaged you really are. Consultants may advise you to gap the lab to ISO 15189 to begin the accreditation process. Instead, try to first analyze the engagement gap. By identifying gaps and then improving those engagement conditions, there is a better chance of successfully deploying and sustaining not only ISO 15189 but other initiatives as well. By understanding the role of engagement in organizational initiatives, not only will ISO 15189 elevate the lab to a new level of quality, but also everyone just may want to be a part of it."*

ISO has authorized the creation of a broad range of standards for human capital disclosures and human resources under the management of Technical Advisory Group 260.

Chapter 4
ISO Standard 10018 on People Management

There are already many ISO standards that affect the management of people – employees, suppliers, customers, or otherwise. While most of these standards are aimed at driving quality and consistency, standards also address some of the critical elements of employee engagement. For example, ISO standard 10018:2012, described in more detail below, states: *"It is critical to identify, develop and evaluate the knowledge, skills, behavior and work environment required for the effective involvement of people with the necessary competence."*[13]

While the ISO has addressed elements of employee engagement in some of its standards, the process is not complete. The ISO standards that include mention of employee engagement so far focus largely on skills, safety, measurement and quality, and only touch on other important elements such as productivity, retention and wellness. Moreover, ISO standards do not yet address the notion of "enterprise" engagement, either as a cross-organizational cultural initiative, or as a process aimed at multiple stakeholders beyond employees.

The Enterprise Engagement Alliance's proposed new standard was based on the assumption that increased pressure from investors for formal engagement practices, as well as the compelling economics of having a highly-engaged organization, warranted a formal approach to engagement that could be audited and measured.

While it could be three years before these formal standards are created, the ISO TAG 172 responsible for ISO 9001 quality compliance has already published two documents that provide interested organizations a head start on best practices related to the implementation of an engagement process and what that might look like in organizations. The first is Quality Management Principles (See: *ISO Engagement Standards Why Now, Research and Potential Implications* and ISO Standard 10018 on People Management). The second is ISO 10018, standards created in 2012 to provide a roadmap for implementing the ISO Quality Management Principles. These standards are now up for revision and reportedly will be changed to focus specifically on issues related to quality management.

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[13] International Organization for Standardization, International Standard 10018, 2012

ISO 10018: Standard Guidelines That Embrace Engagement

ISO 10018:2012 "*provides guidance on engaging people in an organization's quality management system, and on enhancing their involvement and competence within it.*"

Because ISO 10018 standards were created with a similar purpose of the Enterprise Engagement Alliance framework and implementation process but by organizations with no connection to one another, it's interesting to compare the work, as the similarities are surprising.

The Enterprise Engagement Alliance was founded in 2008, specifically with the purpose of creating a formal framework and guidelines for the implementation of engagement practices across the enterprise. By collaborating with dozens of experts in different areas of engagement, including representatives from the corporate, solution-provider and academic words, the EEA endeavored to produce a formal framework and implementation process and standardization of nomenclature, as there is in almost any successful field.

The EEA produced its first framework and implementation process in 2009. Separately, in 2012 and with no apparent knowledge of the EEA's work, the Technical Advisory Group for ISO 9001 standards developed Quality Management Principles, and subsequent optional standards and guidelines that embrace engagement. The ISO's "*Quality Management – Guidelines on People Involvement and Competence,*" also known as ISO 10018, provides the nearest published ISO standard to the proposed ISO engagement standard.

While ISO 10018 largely speaks to the importance of workforce planning as it relates to quality management, the comparison is interesting, specifically because the frameworks were developed by two different groups filling in gaps for a similar purpose with no knowledge of one another's activities. That they came to very similar conclusions, even down to the nomenclature, helps further validate the work.

ISO engagement standards and the EEA framework differ in several respects from other approaches to engagement:

- Engagement is connected to specific organizational results, i.e., quality management or, in the case of the EEA framework, also sales, customer loyalty, distribution partner engagement, customer service, safety, wellness, productivity, etc. Employee experience is a critical component of, but not the only factor involved with, connecting employee activities to performance.

- The focus is on engagement across the enterprise, not simply on employee, customer, or distribution partner engagement, versus the tendency to separate these issues by human resources, marketing, sales, etc.

- Engagement is seen as a process that requires the integration of numerous engagement "*levers*" – good leadership, assessment, communication, learning, innovation and collaboration, rewards and recognition, analytics, etc. Many traditional approaches tend to focus on one aspect of engagement, such as leadership, surveys, training, rewards, community, etc., or address these in different silos.

Like other ISO standards, ISO 10018 addresses the scope and details of the standard and how it can be implemented. Each section of the standard offers a process and guidelines for implementation. Chapter 5 of this e-book offers excerpts from the ISO standard that are useful in gaining a sense of how it is structured and the level of detail the ISO provides.

ISO 10018 both describes each element of the standard and contains detailed instruction on the means of implementation. The similarities between the implementation process this ISO standard proposes and the EEA's own Enterprise Engagement Implementation Framework (Figure 1) are many.

FIGURE 1: ENTERPRISE ENGAGEMENT IMPLEMENTATION FRAMEWORK
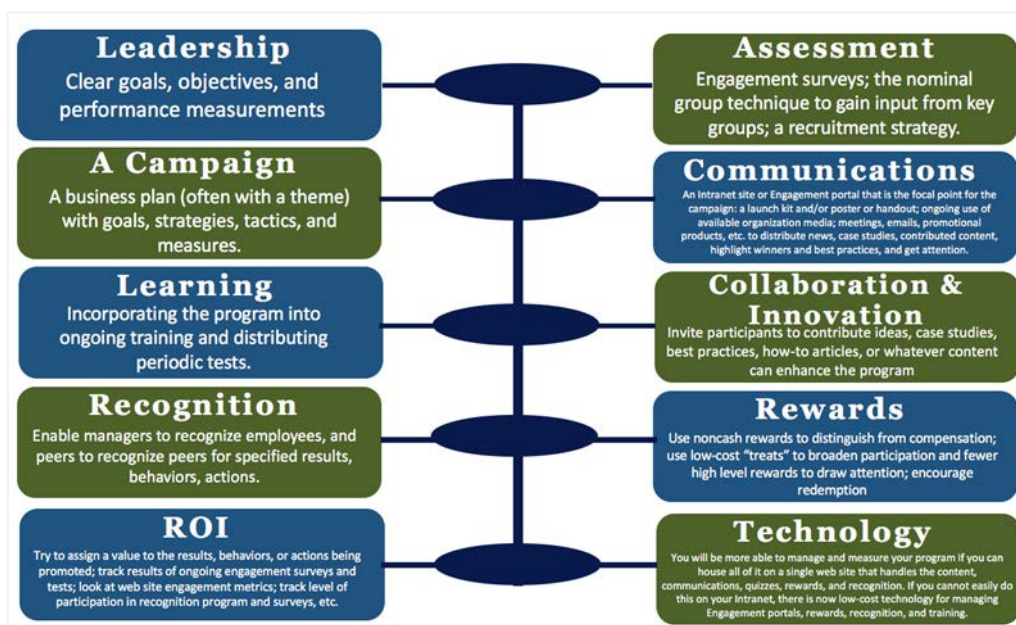
Nine of the ten elements of the Enterprise Engagement Implementation Framework are discussed in ISO 10018 directly. For example, in section 4 on the roles and responsibilities of leaders, ISO 10018 states: "*Leaders should encourage people to assume responsibilities and*

create conditions which enable people to achieve desired results, ensuring relevant statutory and regulatory requirements are met."[14]

Moreover, ISO 10018 speaks to planning and measurement, individual learning plans (including formal and informal training) and incentive programs for employees and suppliers that use both tangible rewards and intangible recognition/appreciation.[15] Throughout, the standard emphasizes measurement, assessment and communications. It addresses collaboration and innovation, and points to the need for equipment and other resources sufficient to enable employee competency.

Similarities and Differences

The principles underlying enterprise engagement go beyond implementation tactics. They address universal principles of engagement that have proven effective with multiple stakeholders. These principles – Purpose, Autonomy, Task Value, Fun, Appreciation, Contribution Awareness, Inclusion, Wellbeing and Learning/Mastery – combine to drive commitment, productivity and loyalty among employees, customers and other stakeholders. They are the foundational elements of engagement.

ISO 10018 speaks to several of these principles. The overall tone of the standard feels somewhat transactional, however, emphasizing planning, measurement and hygiene factors such as safety over less programmatic factors such as purpose, meaning and inspiration. Nonetheless, it does not altogether ignore these elements.

For example, the standard advises a demonstration of "*shared understanding*" between employees and leaders, [16] and it speaks extensively of the need for employee autonomy and control over their work. It emphasizes contribution awareness through rewards and recognition, by aligning individual goals with larger, shared goals, and by showing employees how their work impacts the larger success of the team, division and organization. The standard emphasizes that employees need to know what is expected of them, enjoy wide latitude in deciding how to do their work, be properly resourced and collaborate with peers (showing one another respect).

As noted above, ISO 10018 directly addresses nine of the ten elements of the Enterprise Engagement Implementation Framework. ROI is not explicitly mentioned by ISO; however,

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[14] Ibid p.2
[15] Ibid p.19
[16] Ibid p.4

because the standard focuses extensively on analysis, assessment and measurement, this may be a minor gap at most, and largely a matter of terminology.

Regarding engagement principles, ISO 10018 addresses many of the elements that logically would be included in engagement standards for broader purpose. Based on research analyzed by the EEA, more emphasis can be placed on purpose and meaning – a shared purpose that is larger than profits, for example. Learning is addressed in the standard as a means to competence, not to engagement (e.g., investment in employee development).

The largest gaps between the research analyzed and expert input used to create the EEA Framework and what is included in ISO 10018 fall into three categories:

1. While there is some reference to engagement of stakeholders beyond employees in 10018, it is in passing and not well-articulated. An enterprise engagement standard would describe the similarities and differences in various approaches to engaging key stakeholders such as employees, customers, suppliers and partners, because employee engagement has little value unless it benefits customers or other stakeholders.
2. Most of the principles of engagement and the process of their implementation are described only in general and in insufficient detail to be actionable. While communications, awareness, the role of leadership and the need to measure are described in detail, principles such as recognition, driving innovation, shaping employee attitudes (motivation) and the principle of inclusion are only summarily referenced and described. A separate engagement standard likely would describe these principles in much greater detail, along with more precise guidelines for implementation.
3. ISO 10018 does not address the imperative that engagement be embedded into an organization's culture – namely, that it be implemented uniformly across every division and group, enterprise-wide, and reinforced through corporate values and reward/recognition programs.

Summary

The ISO, particularly through its 9001 series of standards, has taken tremendous strides in moving beyond product and manufacturing process standards to incorporate people elements. Its standards addressing employee satisfaction and performance through better acquisition, onboarding, communications, recognition, training and resourcing are advanced and touch on many elements of employee engagement with at least a mention of other stakeholder engagement.

Building on these achievements, the development of dedicated enterprise engagement standards will fully articulate the rationale and specific implementation processes for engagement throughout the enterprise and across multiple stakeholders.

Chapter 5
Excerpts from ISO Standards 10018

The following are excerpts from ISO Standards 10018 that relate to engagement. Please note that these standards are under routine revision and are subject to change.

Analysis of people involvement and competence acquisition

Needs identification

The organization should identify its short- and long-term people involvement and competence needs at planned intervals. The identification of needs may include organizational strategies, values, business plans, policies and input from interested parties, such as customers.

The identification process will begin by evaluating the current levels of people involvement and competence, identifying any limitations or gaps. The process will therefore involve the following stages of assessment:

a) identifying involvement and competence needs;
b) identifying the conditions and resources needed for people to be effective in the workplace.

The organization should also consider whether special arrangements are necessary to reduce or manage risks associated with deficiencies in current activities. Such risks can occur, for example, where there are new or complex tasks, language barriers or organizational changes.

Implementation of people involvement plans

LEADERSHIP actions to enhance people involvement should address factors such as communication, teamwork, responsibility, innovation and recognition.

INVOLVEMENT requires an environment in which people participate in planning and may influence decisions and actions which affect their jobs. The environment should enable the engagement of people to achieve the organizational goals. The people involvement process includes a number of factors, as described below:

- COMMUNICATION integrates the factors and should be addressed to promote shared understanding and involvement. Managers should communicate key information

and expectations to people and listen to their views about the current direction on a continual basis (see Clause A.4).

- **RECRUITMENT** involves the process of sourcing, screening and selecting people for a position in an organization. Managers can undertake some part of the recruitment process, but larger organizations often use professional recruiters

- **AWARENESS.** Once communication objectives and methods are established, people should be made aware that ISO 9001 requires an organization to establish and implement a quality management system. Managers should ensure that their people are aware of those processes for which they are responsible.

- **ENGAGEMENT.** Employer engagement is the company's commitment to improving the partnership and developing shared understanding between the people and their managers.

- **TEAMWORK AND COLLABORATION** occurs when people work together for a common goal. This is a way of organizing workload, which strongly contributes to people involvement. This creates common goals, shared knowledge, values and behavior, thus increasing the probability that quality objectives can be achieved.

- **RESPONSIBILITY AND AUTHORITY.** Managers are accountable for creating systems which provide people with the authority to assume responsibility to make decisions about their work. They should be consistent with competence requirements defined within their quality management system. The managers create a work environment which fosters the ability of people to control their own work and make decisions for which they are accountable.

- **CREATIVITY AND INNOVATION.** Success results from a high degree of creativity. Allowing creativity creates a higher sense of personal fulfilment and consequently enhances involvement. Creativity is the process of producing new ideas, while innovation is the process of applying such these ideas. In the context of an organization, the term innovation refers to the entire process by which individuals or groups generate creative new ideas and convert them into products, services, or business practices.

- **RECOGNITION AND REWARDS.** The organization should take actions to continually improve people involvement. This is achieved through recognition and rewards, as well as feedback for individuals or teams that have been involved in achieving results to the benefit of the organization.

In addition to the above factors, other factors described also affect the level of people involvement – i.e., leadership, empowerment, attitude and motivation, and education and learning.

Measurement Examples

Examples of methods for measuring the extent to which some of these human factors are implemented are given below. These measurements can be obtained through staff surveys, focus groups, or individual interviews.

- **AWARENESS:** the degree of understanding of the policies and objectives of the organization's quality management system.
- **NETWORKING:** the effectiveness of how groups of people work together and support each other in critical tasks.
- **ENGAGEMENT:** the level of satisfaction people have in activities such as communication, learning and management.
- **TEAMWORK:** the extent to which a team reaches its objectives in key project milestones and process requirements.
- **CREATIVITY AND INNOVATION:** the numbers of ideas generated when compared to their implementation rates.

Chapter 6
ISO Engagement Standards: Implications for the Marketplace

So what will happen should ISO go beyond the issuance of its Quality Management Principles, 10018 standards, and eventually approve formal standards for engagement? The opportunity could be significant, says Lee S. Webster, Secretary for ISO TAG 260, which has oversight over the engagement standards.

"Let's take the ISO 9000 standards as an example," he notes. *"That gave rise to an entire industry, starting with organizations that train other organizations to conduct audits and provide certifications for clients. These companies develop their own certification process and branding that helps their clients obtain and maintain their certifications. These companies do their best to establish the value of their services."*

The Role of Consultants

These consultants help their clients through the process of conformity assessment, usually starting with a gap analysis, Webster explains. They either provide the specific solutions needed to operate in compliance with those standards, or work with others who provide specific solutions depending on the need. This work has to be periodically audited, with processes and procedures updated and documented as needed. Auditing and certification services are provided by different companies to reduce the possibility of conflicts of interest.

While the general philosophy of ISO is for organizations to bake compliance and operations into day-to-day operations rather than imposing a new level of bureaucracy, Webster notes that the process of implementing ISO standards takes planning and time, and that quality management is a never-ending process that needs to be regularly updated based on current needs and opportunities. He says that each consulting engagement in the field of ISO 9001 can cost between $5,000 and $60,000 to get started, depending on organizational size and the state of its quality management infrastructure, and that ongoing fees exceed that, not to mention costs associated with other areas of compliance. Obviously, he points out, companies are only willing to make this investment because it has impact with customers and because the standards help improve efficiency and quality.

The Audit Process

Compliance is anchored in an audit process. A Wikipedia article on ISO 9001 explains the process: "Auditors are expected to go beyond mere auditing for rote conformance by focusing on risk, status and importance. This means they are expected to make more

judgments on what is effective, rather than merely adhering to what is formally prescribed. The difference from the previous standard can be explained thus: Under the 1994 version, the question was broad: 'Are you doing what the manual says you should be doing?', whereas under the 2000 version, the questions are more specific: 'Will this process help you achieve your stated objectives? Is it a good process or is there a way to do it better?'" Webster says he cannot specifically estimate the number of suppliers involved with IS0 9001 worldwide, but feels it has to number more than 10,000.

So, based on the example of ISO 9000 standards (and there are examples in other fields), new engagement standards could create similar opportunities in the engagement space, with companies or organizations that certify other organizations to conduct engagement assessment and solutions for their clients, who in turn hire other specialists in leadership, assessment, recruitment, communication, technology, innovation and collaboration, rewards & recognition, analytics and other areas as needed to comply. If ISO 9000 or other major standards are any guide, these specialists will have to become familiar with ISO standards, and in many cases comply themselves.

Webster concludes: "*In my experience, the companies that get in on this the earliest, that actively become part of the standards creation process or become early adopters, are more sought after because organizations generally prefer to work with the most experienced partners.*"

Chapter 7
The Roadmap to Success through Enterprise Engagement

What makes the ISO and investor conclusions so different from current organizational practices? As can be seen in the figures below, most organizations remain divided by silos that impede continuity of communication within the organization, which leads to a disconnect between communication to customers and communities. Many lack a brand definition or vision that connects and unifies expectations.

FIGURE 1: CURRENT STATE: ENGAGEMENT IS SILOED
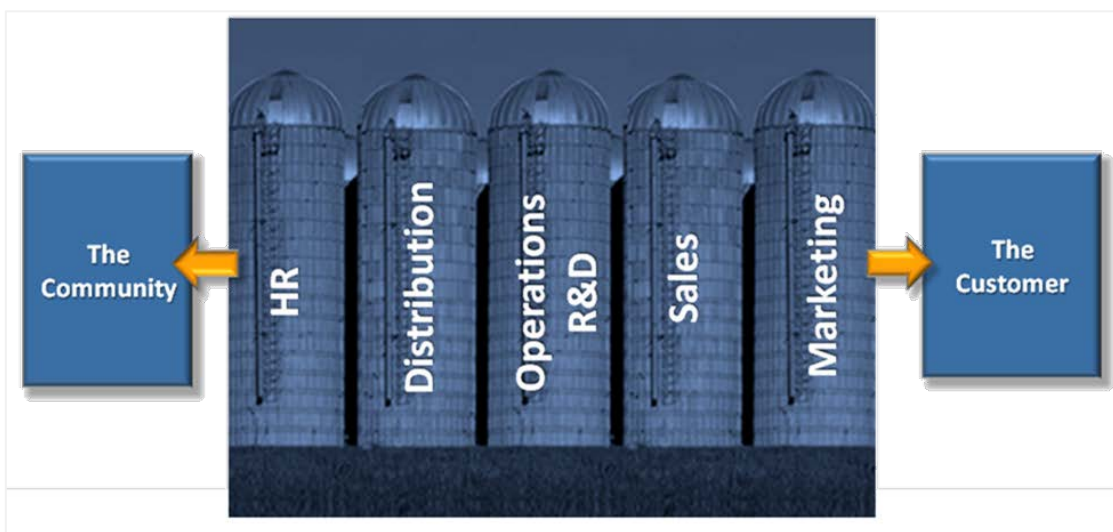
**FIGURE 2: ENTERPRISE ENGAGEMENT: THE ORGANIZATION IS ALIGNED TOWARD COMMON PURPOSE**

In addition, the typical company uses disparate engagement tactics in such a way that they often work at cross purposes. The marketing and sales teams focus on customers and distribution partners, and the human resources and operations teams focus on internal employees.

Further complicating matters, distinct external and internal marketing strategies and tactics often work in silos lacking coordination, such as advertising, public relations, social media, internal communications, training, rewards & recognition, etc. One hand often doesn't know what the other is doing, let alone work together with common purpose. It's no wonder so few promises made in advertising get systematically delivered upon. Figure 3 shows the current state. Figure 4 shows the ideal state.

FIGURE 3: CURRENT STATE: ENGAGEMENT TACTICS REMAIN DETACHED

While top management support is critical to sustainable success, the managers who run an organization's disparate marketing, sales and human resources entities do not have to wait to start applying common sense principles to how they design current programs to ensure they align with overall organizational objectives and address the levers necessary to connect engagement to results.

FIGURE 4: ENTERPRISE ENGAGEMENT: ALL LEVERS OF ENGAGEMENT ARE LINKED
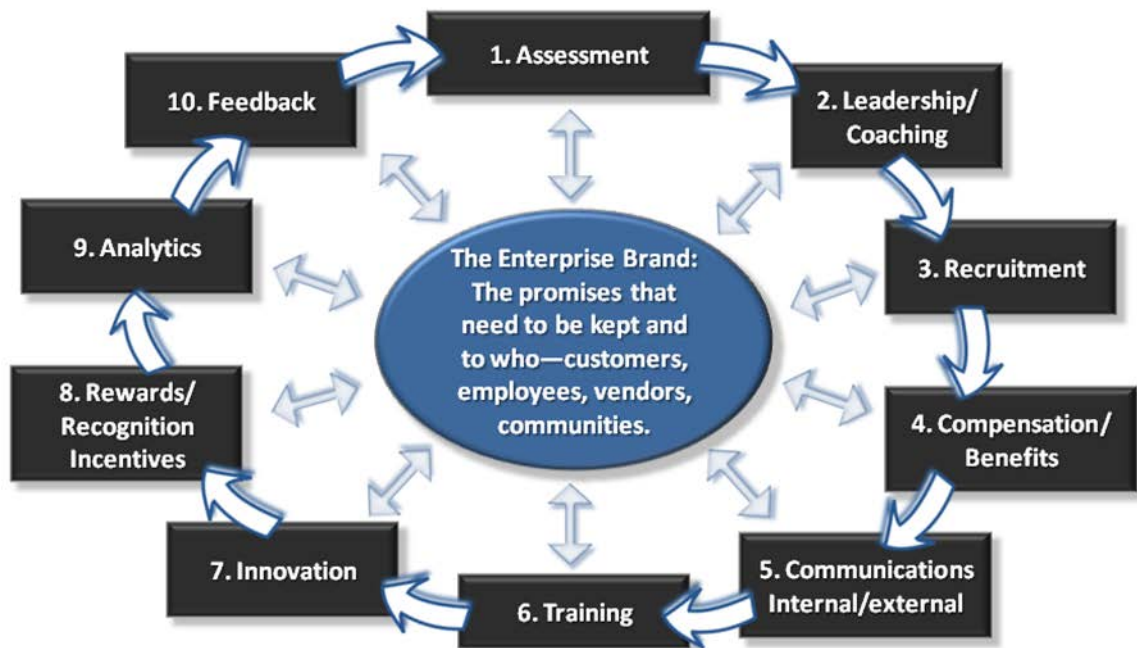
The ISO Quality Management principles published in 2012 recommend seven principles for organizations seeking to build quality management into their organizational culture. Four of the seven specifically address the need to engage not only employees but customers, distribution partners, vendors and communities around common values and goals. A primary conclusion: It's not just a question of *employee* engagement, but of *all* people involved with an organization. The ISO authors speak of the need to integrate and align the various ways organizations recruit and train management and staff, conduct assessments, communication, inform, foster collaboration and innovation, reward and recognize and measure results.

Going beyond the ISO Quality Management Principles in detail, the ISO 10018 standards prescribe an approach that integrates all issues organizations address that traditionally get siloed so that all activities are aligned around common expectations and values. (See https://www.iso.org/news/2012/10/Ref1663.html.) The process starts with having clear values and expectations (embodied in a brand proposition), and then a formal, ongoing strategy and tactics to address the following:

- Attitude and motivation
- Awareness
- Communication
- Creativity and innovation
- Education and learning

- Empowerment
- Engagement
- Leadership
- Networking
- Rewards and recognition
- Recruitment
- Responsibility
- Teamwork and collaboration.

Investors have reached similar conclusions as to what's required to sustainably benefit from human capital investments. A questionnaire created by the Human Capital Coalition, as well as recommendations by CalPERS in its SEC filing, ask for information from public companies very much aligned with the practices advocated by ISO principles and standards. These disparate investor groups are asking similar questions of public companies related to all the above issues.

It Starts At the Top

So what is an organization to do? The answer usually starts at the top, in organizations such as Southwest Airlines, Whole Foods, Wegman's, and many others whose top management intuitively understand the connection between engagement and success and who have found their own paths to connecting engagement across the enterprise. The framework almost always includes:

- Identifying a clear brand, values and culture that fosters unique expectations across all audiences
- Having an overall strategic plan to ensure an enterprise approach to engagement that connects management and people across the organization
- Coaching and recruiting managers and people who can inspire with the right spirit and capabilities for their jobs
- Continually assessing engagement, communication, learning, innovation, etc.
- Implementing ongoing, informative and trustworthy information that keeps people informed
- Providing learning and self-assessment opportunities to ensure everyone is capable of doing what is asked
- Using internal social media or other means to foster a sense of community between all organizational constituents
- Rewarding and recognizing people in multiple ways for their contributions
- Measuring the results and providing continual feedback.

Key Points

- The financial and other benefits of an Enterprise Engagement approach are critical to sustainable organizational success.
- Engagement focuses on aligning people, programs and policies across the organization, and that includes customers, distribution partners, employees, suppliers, communities, etc.
- Engagement is a formal process that addresses all the key levers of engagement in a strategic way, rather than on an ad hoc basis, as is usually the case.
- Engagement and return-on-investment (ROI) need to be measured through effective analytics.

The good news is that between the available ISO and the Enterprise Engagement Alliance resources, organizations have all of the information they need to get started.

Where to Go for More Information

- **ISO Quality Management Principles**, the seven quality management principles published in 2012 (free): ISO.org/iso/pub100080.pdf
- **ISO 10018: 2012 Guidelines on People Involvement and Competence** (about $120): iso.org/standard/46233.html
- **The Enterprise Engagement Alliance** at TheEEA.org for overall information on the field, the Engaged Company Stock Index, engagement tools and more.
- **The Enterprise Engagement Academy** at EEA.tmlu.org for the Enterprise Engagement Curriculum and Certification program.
- **ESM (Engagement Strategies Media)** at EnterpriseEngagement.org for ongoing news and information on the field.
- **Enterprise Engagement: The Roadmap**, the first book on the implementation of enterprise-wide engagement, available on Amazon.com.
- **The Engagement Agency** at EngagementAgency.net, the only company specifically focused on helping solution providers profit from the emerging field of engagement. Call *Nick Gazivoda* at *914-591-7600, ext. 238*; Nick@TheEEA.org.