

What's a Happy Employee Worth?

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One of the items that comes up regularly in our employee surveys is a wish for improvements in our physical work environment, so we've made some investments recently in fresh coats of paint, removing clutter and keeping items in their proper place, and other efforts to polish and shine things up a bit. We haven't addressed every concern, but we are getting a positive response to the efforts we've made.

In the last Better Managers' blog by [Debra Koenig](#), she spoke about the ["satisfaction mirror" in which happy employees result in happy customers](#). We're hoping that addressing the issue of physical environment improves the happiness quotient at our office and brings us closer to the many companies whose happy employees have brought happy customers resulting in happy shareholders.

[Google](#) invested in providing a great dining experience for employees at its campus which also includes pool tables and swimming pools. They were on track to hit an all-time high share price last month and currently rank #1 on the [Forbes](#) magazine [Best Company to Work For](#) list. The Parnassus Workplace Fund was created in 1984 – a mutual fund that includes companies that consistently land on that list – and it [shows strong long-term growth](#), outpacing the S&P 500 Index for more than a decade. Dr. Noelle Nelson in her book ["Make More Money by Making Your Employees Happy"](#) cites the example of Alcoa that determined that safety (not profit or any other typical measure of company success) would be its focus in the late 80s and into the 90s. Significant improvements in safety resulted in happier employees and also annual income growth near 500%!

In the *Harvard Business Review*, Michael Schrage said that while the [connection between happy employees](#), happy customers and company profitability can be valid, happy employees don't always translate into profits. He cites [Yahoo](#) as an example of a company that isn't currently performing well despite offering some of the perks that often indicate happy employees. This is an appropriate caution that throwing perks and benefits at employees doesn't automatically generate happy customers and broader organizational success.

Employees that are truly happy at work and not just showered with perks are the ones who are engaged, keep their skills current and are often part of innovation or process improvement teams. To help identify which of your employees really like their jobs, the website www.happyemployees.org suggests you look for the following:

- **Promptness:** anyone who is consistently late probably isn't the most engaged or happy
- **Productive:** gets work done on time and produces at rates higher than their peers
- **Trainable:** interested in career development or skill training, volunteers for extra duties or projects
- **Communication:** participates in the regular exchange of information about their work and the company's success
- **Commitment:** works overtime to get the job done, pulls together during difficult times
- **Service:** for both internal and external customers, they work to keep all of them happy

Congratulations to those of you who already have a core of employees who fit the above description. If you'd like to increase the number of happy engaged employees, use these **Simple Guidelines to Drive Your Company's Success:**

- Communicate, communicate, communicate – provide information and regular feedback; it shows that you respect, trust and value your employees
- Keep promises – don't offer what you can't deliver, but deliver what you promise; if you don't, you'll undermine any of the respect and trust you may have generated by communicating
- Pay attention to regular recognition – not all recognition has to be monetary, so don't ignore the small ways you can thank and reward good performance
- Support employee development – nothing says you value someone like an investment in their future (and yours); if your budget is limited, find projects or other ways to expand an employee's experience
- Work on motivating or inspiring workers – this is where your leadership comes in; chart the course, set the example, be a cheerleader and make your employees believe in your company

If you're successful in increasing the number of happy and engaged employees, it can result in an increase in the value those employees may bring to the company. In her blog from last March called "**When Employees aren't Happy then the Company Isn't Happy**", Elizabeth Lupfer uses the following to calculate that value:

- Fully engaged employees RETURN 120% of their salary in VALUE
- Disengaged employees RETURN 60% of their salary in VALUE

It may take more than a little paint, but if the above is true, it's more than worth the investment to see what you can do to keep your employees happy.

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