Extreme Employee Engagement
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It seems that there is much concern today on the part of managers who find that their employees aren't fully engaged in their jobs. This concern is certainly understandable in light of recent research on the topic of employee engagement. Consider the Gallup Organization's most recent survey of American companies. Gallup found that only 29 percent of American workers—less than one-third—are engaged in their jobs, that is, they work with passion and feel a profound connection to their company, while 54 percent are *not* engaged in their jobs. Even worse, the remaining 17 percent of American workers—almost one in five—are *actively* disengaged.

This isn't just a problem for American businesses, this is a ticking time bomb that threatens the long-term competitiveness of our nation on the world stage—an outcome that none of us should consider to be a good one.

The Problem

What manager or business owner hasn't sometimes wondered why their employees don't demonstrate the same high levels of commitment and dedication to their jobs that they do? Not just showing up early to work—or staying late—but giving 100 percent of themselves and taking responsibility and being accountable for their assigned tasks? In my experience, these are common questions, and they are at the heart of today's lack of employee engagement at all levels of the organization.

Consider the employee who doesn't follow through on commitments made to customers, or who tries to get by with the minimum possible amount of work. Or the employee who constantly blames others for problems that are clearly within his or her area of responsibility? Or how about the employee who—when things are fast and furious—seems to mysteriously disappear, not to be seen again until things cool down? We all have examples of employees who are disengaged in their jobs, and who need to be motivated to perform at the high levels that today's organizations require.

But what can managers do to make a real and lasting difference in the engagement of their employees?

The Solution

In 1969, I founded a company called Science Application International Corporation (SAIC) that today employs more than 44,000 employees worldwide with annual revenues of more than $8 billion. SAIC is primarily a government contractor, performing work in a wide variety of areas including national security, health, environment, and energy. When I founded SAIC, I owned 100 percent of the stock. As we won contracts and I attempted to hire talented new employees to work on them, I quickly realized that I had a problem. SAIC was a small, young, unproven business, and I was trying to convince these men and women to leave their comfortable jobs with much larger and well-established firms to join my little startup. This turned out to be a tremendous challenge—one that threatened to bring my experiment to a screeching halt.

The solution? I quickly realized that I if I wanted to attract talented employees to my unproven business—and encourage them to stay—then I would need them to feel as much like an owner as I did. This meant making employees real owners of SAIC by offering company stock to new hires, and to employees who brought in significant business deals. I knew that I would have to make a serious commitment to this solution if I was to attract and retain the employees that we needed to grow. As it turned out, within a year after founding SAIC, my holdings dropped to 10 percent and—when I retired in 2004—I owned less than 2 percent of the company.

As an increasing number of employees became owners, I noticed some interesting results. SAIC employees were more engaged (working harder and providing better customer service), motivated to perform better (earning more stock in the process) and they tended to stick around longer (as their stock options vested over a number of years) than employees at our competitors that did not offer the broad ownership opportunities that we did. I am convinced that the fact that SAIC became one of the most successful employee-owned companies in the United States—with 38-straight years of revenue growth and an stock price annualized compounded growth rate of 34 percent—can be directly attributable to our model of employee ownership.

This outcome is supported by numerous studies and research:

- In a review of employee ownership studies for the National Bureau for Economic Research (NBER), Joseph Blasi and Douglas Kruse of Rutgers University reported that on average companies with significant employee ownership had better economic performance although there are some variations between companies.
- A U.S. General Accounting Office study of 110 American firms found that participatively managed, employee-owned companies increased their productivity growth rate by an average of 52 percent per year.

- A study of 45 employee stock ownership plans (ESOP) and 225 non-ESOP companies conducted by the National Center for Employee Ownership (NCEO) revealed that companies that combine employee ownership with a culture of participative management grow 8 percent to 11 percent faster than those without such plans in place.

Extreme Employee Engagement

My own experience over a 35-year period clearly shows that telling employees they should take ownership of their work is not the same as making it so. To get employees to act like owners—to become fully engaged in their work—leaders must truly make their employees owners by offering them grants of company stock based on performance, or providing them with a way of purchasing it. Enabling all employees to share in a company's ownership is the best and most reliable way to achieve extreme employee engagement, and a workforce that is fully committed to the long-term goals of your company. And that's an outcome that we can all get behind.

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Dr. J. Robert Beyster (La Jolla, CA) is the founder of Science Applications International Corporation (SAIC) and author of the book *The SAIC Solution: How We Built an $8 Billion Employee-Owned Technology Company* (John Wiley & Sons, 2007) with Peter Economy. Dr. Beyster served as CEO and chairman of the company for 35 years, and he promotes innovation and employee ownership through his Foundation for Enterprise Development and the Beyster Institute at the University of California in San Diego.