Getting engaged: Why commitment matters in business

During our four year partnership, Inflexion worked closely with Reward Gateway management to quadruple its client base, headcount and EBITDA.

What was the impetus for setting up Reward Gateway?
I was running a design and marketing agency, growing frustrated, not only that it wasn’t a scalable business, but also because I was giving away my best ideas to others. Then I stumbled across the employee discount space through a client. It was poorly run and I saw an opportunity to do it better.

I had to create a great business with engaged people as I didn’t have money to do it otherwise: If you have lots of money, you can afford to have disengaged staff as you can just hire more of them.

The thinking was that everyone had to matter—and know that they mattered. If everyone had shares, then that’s at least a start of them all being truly committed to its success.

What creates engagement?
There are a number of factors that foster engagement: openness and honesty, kindness and fairness, connection to leadership, being part of a team that is winning, feeling your contribution matters.

All of these are crucial, though some can become more challenging as a business grows. When you’re a team of 20 people, assuming you have good intent, it’s fairly simple as communication and connection is straightforward. When you evolve to 400 people across nine offices, it’s much more challenging to get this right and maintain engagement.

Ensuring staff are genuinely aligned with your business goals should enhance productivity and lead to better results. Inflexion were delighted to partner with the London Stock Exchange to host an evening for ELITE, a programme aimed at helping ambitious businesses to scale. The speaker was Glenn Elliott, founder of Reward Gateway, an employee engagement business backed by Inflexion in 2010.

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Reward Gateway

Founded in 2006 to foster employee engagement, today Reward Gateway is a £500m business with nearly 2000 clients in 23 countries serviced by 400 staff in nine offices.

Glenn Elliott

Glenn trained as a software engineer before embarking on a corporate career, where he spent 10 disengaged years prior to his self-proclaimed ‘escape’. He returned to his entrepreneurial roots and set up Reward Gateway in 2006. He has spent 17 years as a CEO and just published his book “Build It: The Rebel Playbook for Employee Engagement”.

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What are your thoughts on employer review website Glassdoor?

It’s your friend not your enemy – it’s a great lens into your business. 80% of candidates look at Glassdoor before they apply for a job, so it’s critically important. The bigger your business gets, the further the c-suite is from its staff, and so Glassdoor is a great insight into their views.

The CEO should answer Glassdoor reviews personally. If you have negative reviews, it will put people off applying to work with you. But if prospective employees can see that a CEO responds to say, “sorry it didn’t work out for you… I’ll look into the matters you’ve raised…” they are likely to be very impressed that the CEO cares enough to react. If you assume negative comments are “just a disgruntled employee who left”, you’re not looking at it right.

Is engagement the same thing as happiness?

Happiness is a happy by-product of engagement, but happy employees are not necessarily engaged. For example, someone could be happy because you pay them well and don’t expect much of them, but that doesn’t mean they’re engaged. You should strive for employees to feel your organisation’s purpose is worthwhile, their contribution is a meaningful part of that, and they want it to succeed.

There may be moments where engaged staff are unhappy – they may disagree with business decisions, or have difficult times – but in the long-term, humans are happier if they feel they are truly part of something. Engagement breeds passion and in business, that makes for better meetings and decisions.

Can private equity help with engagement?

Private equity can be a real ally to an engagement strategy.

There is a fair amount of unfair negative press around private equity culling a business and its people, but it’s a broad church: the turnaround players indeed need to instigate change quickly, which can be difficult. And there are firms that rely on financial engineering to generate a return.

However, there is a radical difference between that, and growth private equity in the mid-market, where some firms offer support in a way that allows you get on with running your business. Our partnership with Inflexion illustrated this. They were obsessed with our culture and it showed they really understood us and cared about our ethos, dispelling the myth that they wouldn’t understand that the people are the cause of the great numbers.

Because private equity tends to focus on four to five year periods, it can give you real momentum, focus and direction – which is very helpful. Private equity is about aligning interests to create value, and that’s true engagement.

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What are your tips for managing difficult people situations?

Many firms make quite a mess when it comes to removing someone from the team. Because it’s something they don’t relish doing, they often wait too long to do it. This often means the performance of the entire team suffers in the run-up to an already-difficult task.

Removals are often done without kindness, and without sufficient and honest communication to the rest of the team. For example, the outgoing employee is served with a legal letter delivered by a HR professional. They may then go on to tell staff that the person has left ‘to pursue new interests’. The problem with this strategy is that people will talk at the pub or on Facebook, and they will learn the truth. This means you have devastated the leaver and dented their wellbeing and confidence, and also simultaneously been dishonest with your workforce, thereby eroding their trust in you.

We have made many redundancies and restructures in the last 12 years, however we have done so with visibility well ahead of the event. Many fear this will reduce productivity, however I have found they are grateful for the foresight and have worked for us up until the end, left with their heads high, with some even returning at a later date to work with us again. As simple rule I learned once was “be as honest with your people as you can, as early as you can - they can handle the truth, it’s the lies that kill engagement.”