Are Your Employees Captivated or Capured?

David Ritter

GEORGIE FROST: Are you captivated or being held captive at work? The jobs market is changing, with workers increasingly craving power, responsibility, and purpose in their roles. If businesses can’t deliver, they will leave. So is the key to attracting, retaining, and captivating top talent, to take power from management and place it into the hands of the people?

I’m Georgie Frost, and this is The So What from BCG.

DAVID RITTER: The level to which they are captivated they will say, we never want to work any other way because we feel like we’re delivering not just our personal growth, but also we’re delivering something meaningful to the customer. We see the purpose in it. We’re in a team.

GEORGIE FROST: Today. I’m talking to David Ritter, a member of Boston Consulting Group’s Technology Advantage practice area, and also the host of another BCG podcast, Agile Storytime.

DAVID RITTER: We’ve had the opportunity over the last few years to survey and talk to about 11,500 people in companies that are undergoing transformation in various ways to understand why do they work, what do they do. And a major part of why people work, what they aspire to in their work, is to have some sense of vision and purpose.

All too often, vision gets stuck at the top of the organization. There are visions in the minds of leaders that, because they are not shared, they don’t propagate, they are more like hallucinations. They’re in one person’s mind. For a vision to drive impact, it has to get to the rockface of the organization. So we’ve spent a lot of time really trying to understand how people relate to purpose and how it impacts and influences their work.

So when I was a programmer, I got very excited about solving specific technical problems, that was really an intrinsic motivation. And I went to work for a company, the mission of this company was to help small businesses get online and be able to develop their ecommerce capabilities. And I went through a transition where it was like, this is a really cool technical problem. How do we do this at scale and how do we make it work architecturally?

But then I began to understand that people were actually paying for this solution, and that actually kind of got me excited. You mean people are actually recognizing my work, writing a check for it? That’s cool. It’s recognition. But then I actually began to talk to these small businesses and the stories that I heard about how this capability changed their lives, allowed them to scale their business, to reach new customers, to achieve their personal ambitions, this gave me a perspective that was like, you know what? My work actually matters, not just to me, it matters to other people.

And that changed the way I thought about my work. Every time I did something I did it with a different sense of purpose, a different sense of I’m doing it in a way that will really genuinely create impact. And what we found is that this is the sort of appeal that causes employees to not feel like they’re captives, but to actually be captivated by the nature of their work.
GEORGIE FROST: So to be clear, there is a difference between my personal purpose, what personally drives me in work and what I will find within myself and what captivates me about my work? What you are talking about is something more that the businesses can do to allow people to have a more general purpose in their work.

DAVID RITTER: So it goes from the general to the specific. So if you’re in an organization and the goal of that organization is to help people to be able to get more yield from their fields. So if you’re John Deere for example, you make farm equipment. What is your goal as John Deere? It’s to make great tractors, but it’s really to help farmers produce more crops from their field. It’s a customer mindset. And that starts at a high level, but the key is does it cascade down to the folks at the rockface doing the actual work? And this is the gap that we found.

What people say is, I kind of understand my company’s top-level vision, but nobody has really helped translate that into something that is meaningful for me in my day-to-day work. In my day-to-day work, the direction that I get is a list of tasks. I am told to implement a specific feature. So I’ll tell a little story here. So we worked with a bank, we worked with the team at the bank, and that team had been given the instruction to implement the features in their mobile app that allows people to reset the pin on their debit card.

We asked a very basic question, which was, why are you doing that? Why are you creating that feature? And the answer was actually, it’s a win-win because the experience of resetting your pin on the debit card, if you have to call the call center, if you have to pick up the phone and dial and wait in line in the call center and go through the thing where you pick the numbers or whatever, and you try to convince somebody at the call center to reset your pin, that’s a pain for you as a customer and it’s expensive for the bank.

So why are we doing this? We’re actually doing this to shift those transactions from the call center to the digital channel. So we changed the definition of the goal of that team to be that, to shift the transactions. And what that did is that caused them to really rethink the nature of the team entirely. So that team, they went and they sat with the folks in the call center and the first thing they did was to talk to them about how they discussed with customers this issue and how they could train the customers to use the mobile app in order to actually shift these transactions.

They created a dashboard that was like a speedometer that went from zero to 100 that showed the percentage of transactions for debit card pin resets going through the call center versus going through the digital channels. And they watched that every day. And their goal was to make that speedometer go up through any means.

That simple change, giving that team a different purpose that was from a customer standpoint, not a task list, but a goal, an outcome versus output, changed the nature of the way that team thought about their work, their enthusiasm for it, their commitment to it, and it was something that they engaged with. You could argue that they became captivated by solving that problem versus just delivering the features.

GEORGIE FROST: What do we mean captivate and captive? And I don’t want the dictionary definitions, I mean in terms of this. What are the elements of captivation in the workplace?

DAVID RITTER: I think there are three. One is understanding the purpose of your work, not just the intrinsic purpose. For me, yes, I need to make money, I need to feed my family, but I want to understand that my work has some impact in the world, that it has meaning. And it doesn’t have to be save the planet, it can be delight my customers have someone take advantage of the work that I’ve done and get value from it. So that’s one.

But if I have that sense of purpose and I’m not empowered to act on it, if I don’t have the flexibility, for example, to work across boundaries and solve problems, be innovative, take advantage of all my skills and to work in a team, then I’m actually going to be more frustrated. I see a goal that’s something I care about, something I’m passionate about, but I can’t do it because the organization is holding me back. So that’s the second thing is empowerment.
And the third thing is am I doing that by myself or am I doing it as a team? To captivate a workforce, to retain and grow your best talent, people need to be anchored in relationships at work. And when we say relationships, you can have relationships with people at work, obviously around just personal interest and shared, you know, we all own the same breed of dog. But more importantly, shared purpose formed around a goal is what builds relationships. Studies show that having those relationships at work are keys to retaining your talent. So those three elements really need to come together in order to say that we have captivated our workforce.

GEORGIE FROST: On the final point, how do you as a company help develop those relationships beyond “team away” days?

DAVID RITTER: So I think first of all, the shared goal, really working towards a shared purpose is key. So when we talk to teams that really have that shared sense of responsibility, accountability, and delivering value, anyone on the team will do anything necessary in order to help the team at any given point. They will swarm around problems even with distributed teams and this is a very relevant point now, given that many teams now are broken up and work remotely.

If they have that shared purpose, they will find ways to talk to each other, to get together to make sure that the communication is working. Conversely, if teams don’t have a sense of shared purpose, even if they’re physically sitting next to each other, they still won’t talk to each other. The other issue is making sure that all of the skills necessary to solve the problem are on the team.

GEORGIE FROST: You mentioned there remote working, we are seeing a lot more certainly of hybrid. How does that muddy the water and make this a little bit more difficult?

DAVID RITTER: It’s a great point. And this is again where I think if team members work together over time, then they develop empathy for each other. And I will say all too often we see the situation where you have your team in New York and you have some parts of your team in Bangalore, and there is an 11 hour or 12 hour time difference. And the assumption is, well, so that means the team that is offshore from the New York perspective, they’re in the office at 10:00 PM every night so that they can have meetings with their colleagues in New York. That’s not the right answer.

So as teams work together over time, we talk about teams being persistent. Persistent meaning they stay together over a long period of time. They learn to work together, they have an opportunity to test and learn and iterate against the problem that they’re solving and they develop empathy for each other. You need to share the burden of inconvenience.

So it’s not that the team that’s 12 hours away has to stay up late every night. It’s that the team in New York has to get up at 6:00 in the morning sometimes in order to have the early meeting and allow the folks in India to have dinner with their family.

And all too often organizations, they’ll spin up what they call a project team, that team will work together for a couple of months or even weeks, and then they’ll take that team apart. We would argue that keeping that team together, once they’ve had a chance to form and bond as a team, it’s actually better to bring new work to that existing team, make sure they have the right skill sets, but bring them related work so that you can take advantage of the bonding that that team has developed and the capability that that team has developed in order to work together. You maintain those relationships and that’s another key element of ensuring that people are captivated.

GEORGIE FROST: If you are giving workers more responsibility, more autonomy, more power, what’s the role of managers?

DAVID RITTER: It’s to make their people successful on their teams, and this is a huge mindset shift. I grew up as a programmer, so a lot of my examples are programmers. So if I’m a programmer, I’m working on a team... For example, if I was working on that team in the bank, working on the debit card thing, so the person that’s leading that team is probably a business person from the credit card business that understands the credit card business and the credit card customers and understands what we’re trying to accomplish.
They’re not my boss on the org chart. My boss on the org chart is probably an engineering manager. The role of my manager in that situation is to make me successful on that team, to ensure that I have the right skills, that I have the right communication capabilities, I have the right training, and that I’m on the right team doing the right things. The role of the manager in that case is to really understand me fully as a person: what are my personal goals to help me achieve my career goals with respect to my mastery, my skills, my career progression, and that I am participating effectively in my team.

But day-to-day, the goals that I have, the specific work I do on a day-to-day basis that comes from my team and my team leader, not from my direct boss. And this is a real issue because we’re asking that boss to let go of a significant part of their traditional role, which is telling me not just how to do things, but what specifically to do.

GEORGIE FROST: Is this one of the reasons that companies aren’t doing this already?

DAVID RITTER: This is one of the main reasons. I will say we have this conversation a lot where managers will say, so what you’re telling me is that now I’m just a trainer. I might as well be in HR. What about my mastery, my expertise? And the answer is this is absolutely critical because these managers also, they set the guardrails and the ways of working for entire functions. They need to understand the supply and demand balance for particular skillsets.

So one of the things we hear all the time in organizations is we don’t have enough people who can do X, Y, Z specialty skill, like user interface design is a classic example. Whose job is it to get enough user interface designers in the firm to actually be able to do the work that’s needed? And the answer is it’s the manager of the user experience function that does that, that is an absolutely critical role.

So you need people in these roles now that are going to contribute to the content, like are designing architecture, designing user experience patterns and standards, but are also really creating the capability in the organization to put the right skills on the right teams to get stuff done. They become enablers, but in a broad sense. So these roles are absolutely as rich and absolutely as critical as the roles of anyone else, including the folks that are leading the teams from say a business or outcome standpoint. But that transition is really tough for a lot of folks.

GEORGIE FROST: What are the other reasons that perhaps companies aren’t adopting this?

DAVID RITTER: I think that the notion that translating vision and purpose down to the rockface is something that you can just do like in an all-hands meeting where you stand up and you sort of shout from the mountaintop, like, “Go be customer-centric.” It’s actually doing the hard work to structure it and to cascade it down into the organization. So what we see now are organizations adopting rigorous methodical approaches to setting goals.

And when I say goals, I mean outcomes, things that actually are creating results versus just lists of work. And working collaboratively with the organization to bring that top down and to listen bottom up to connect what we call the unbroken chain of why. So why do we exist as a company? And cascading that all the way down through the layers of the organization to each individual being able to say, I can articulate why I’m doing the work I’m doing today, how it relates to the goals of my team, how the goals of my team relate to the goals of my department and how the goals of my department relate to the overall goals of the organization. That requires a lot of work.

There’s now a structured way to do this that’s referred to as objectives and key results, OKRs. So at each level of the organization, there’s a clear set of outcomes and the measures that are going to be used to determine whether it’s actually being successful. Other organizations do this in different ways. Amazon, when the leaders set purpose at Amazon, they require someone who’s leading an initiative to write what they call a six-page memo describing why are we doing this? What do we hope to achieve? What is the customer impact? How are we going to measure it? What’s needed in order to achieve this?

So this is not a leader standing up in front of a meeting and saying, here’s my vision. It’s doing the
hard work to ensure that this is captured in a robust way, that all the trade-offs are considered, what’s really necessary to achieve it. And then being able to let that flow in the organization and then listening to the organization bottom-up to say, okay, here’s your goal, let us tell you.

The people that are going to do the work, let us tell you the best way to achieve that. And when the team says, we thought doing it X, Y, Z way was going to work, but we tested it and it didn’t work and now we have a different approach to solve the problem, that’s the magic. That’s where you get high velocity towards creation of value, and that’s where you get competitive advantage.

GEORGIE FROST: It sounds like a big shift, structural change, some risks involved. Just outline to me the rewards if it goes right.

DAVID RITTER: So we worked with one of the largest wealth management companies in the world and they had a visionary leader, to be clear, they were actually doing quite well, but the leader of their largest business unit said, we need to be more customer focused. We need to be radically, dramatically customer focused.

So we want to establish a core set of goals that we want to achieve and we want to drive the entire organization to those goals. We want to ensure that our resources and our passion, our abilities and our skills, our people, are all aligned around these goals. So they laid out a couple of top-level objectives and they actually created working teams that were specifically assigned to those outcomes. So one specific example that we’ll drill into here, so one of their top-level goals, there was a particular customer segment where they were not doing well—essentially active traders. So these are people who like to be hands-on managing their own portfolios and are actively trading equities and doing their own wealth management essentially.

So they had low market share with this particular segment. So they set the goal of a part of the organization, fairly substantial part of the organization, about 500 people, the outcome they were pursuing was to gain market share with this particular market segment. And they had a baseline of, they understood their current market share and they said, in three years we want to essentially be able to say, double our market share with this customer segment. And they turned that team loose on that and they allowed the leaders in that organization to essentially determine how are we going to attack this.

They had an early hypothesis, which was we need to build a new software platform to offer to this segment. But they took a much broader view, not just building software, but actually rethink their product mix and their product offering. And this is one of the things that led them to a very novel new offering, which is relatively nascent in financial services, which is fractional shares.

So if you want to buy stock in a company whose share price has gone way up, and at this point I think Amazon stock was like $1,000 a share. I don’t have $1,000 to invest. I want to buy a tenth of a share of Amazon for $100, that was a new concept. They were one of the earliest adopters of this. So this is one of the offerings they developed as part of this initiative. Yes, and they began to build a new software platform.

So according to them, and this is their words, not ours, the overall goal of achieving that additional market share and delivering the components of it that they believe were most important, they will say that they did that in one-third of the time that it would’ve taken them to do it the traditional way and with higher quality.

There’s a concept we talk about at BCG a lot, it’s called breaking compromises. So you would argue that, okay, we went much faster, therefore we must have been sloppy and made more mistakes. No, we did it faster and we had higher quality. Why? For two reasons. One, we tested and learned along the way. We kept our teams together so that these teams could test and learn along the way. It’s the iterative nature of the approach. And it’s people caring from the customer perspective and listening to the customer feedback and actually applying that.

This is a direct result of having the purpose and the vision cascade to the rock face. So when you bring these two things together, that’s what produces
dramatic results. And you make fewer mistakes because you’re testing and learning.

The other compromise you could argue, you could say, well, so we’re going faster, we’re paying all this attention to quality, we’re doing all this testing, we’re doing all this learning. Are we burning out the teams? And this again, it’s a false assumption because if you ask the folks on those teams about their level of engagement, their enjoyment of their work, the level to which they are captivated, they will say, we never want to work any other way because we feel like we’re delivering not just our personal growth, but also we are delivering something meaningful to the customer. We see the purpose in it. We’re in a team. We understand, we have relationships, we care about our team members, that all three things can be true.

You’re going much faster, you’re producing higher quality and you have better employee engagement and much less burnout because you’ve been able to connect these dots, you’ve been able to forge this chain of why.

GEORGIE FROST: Finally David, what are the first steps, I guess, companies who are not adopting this approach, can take?

DAVID RITTER: So there’s a TV personality named Ben Stein who he has a blog and one of the things he said on his blog, he talks about personal success, he said the first step in getting what you want is to decide what you want. This is actually where organizations really struggle. They have a general notion of what they want to achieve, but they haven’t systematically framed it in a way that can easily be translated down into the organization.

So this is where we believe a core disciplined approach to setting top-level goals using something like objectives and key results, which is a well-defined framework, but there are other ways to do it. Salesforce.com has a way to do this they call V2MOMs, it’s vision, values, methods, obstacles, and measures. Amazon has the six-page memo. It’s doing the hard work to get alignment at the top among the leaders around what our goals are and how are we going to measure them.

And you would say, well, don’t all companies already do that? And the answer is, unfortunately, very few of them have really done this with rigor and clarity or achieved full alignment. One of our clients, importantly, said, now as I’m beginning to understand this, what I understand is that for us as leaders, alignment is the work of leaders. If we achieve alignment and we’re able to project that alignment into the organization, then we are going to get clarity, and velocity will come from clarity.

So that’s the first step is at the top level set goals. And often what we see is that translates into five or six or maybe seven top-level goals with very clear measures at a top level, maybe by product, maybe by business unit, but also including things like what are our goals around diversity and inclusion? What are our goals around sustainability? What are our goals around our climate impact? Not just profit and loss goals, not just economic goals. What are our goals with our customers? How do we want our customers to perceive us? What are our goals for net promoter score or customer satisfaction? So a robust, balanced, inclusive set of goals that can then be translated into the organization.

And then the disciplined work of taking those down, but also listening to the organization bottom up. So we call this cascading from the top down, but also laddering. Laddering up from the bottom to hear from the organization what do they think is important, how would they approach solving these particular problems. And it’s creating those links that actually creates these teams that will be mission-driven, purpose-driven, empowered, and where strong relationships will form, folks on these teams will be captivated.

GEORGIE FROST: Thank you very much to David and to you for listening. You can hear more of David on his podcast, Agile Storytime. We’d also love to know your thoughts. To get in contact leave us a message at thesowhat@bcg.com. And if you like this podcast, why not hit subscribe and leave a rating wherever you found us, it helps other people find us too?