Study finds improvement in business outcomes.

A strengths-based approach to managing talent adopts practices that help employees identify, cultivate, and use their strengths at work. This concept draws on the fundamentals of approaches such as positive psychology and authentic leadership, which advocate the notion that to help workers succeed and thrive, leaders need to help them understand and leverage their skills and capabilities. In other words, organizations should focus on what's strong rather than what's wrong.

In recent years, several analysts have explored the business benefits of strengths-based development for employees. Are workers more engaged in a strengths-based performance culture? Does individual and organizational performance improve? Can companies attract top talent more easily? To address these and other questions, a meta-analysis from Gallup studied workgroups that use strengths-based management and development practices to examine the effect on workgroup performance.

According to the Gallup Strengths Center, "strengths are the unique combination of talents, knowledge, and skills that every person possesses. People use these innate traits and abilities in their daily lives to complete their work, to relate with others, and to achieve their goals."

Gallup's study, which analyzed data from 49,495 business units with 1.2 million employees across 22 organizations in seven industries and 45 countries, focused on six key business outcomes: sales, profit, customer engagement, turnover, employee engagement, and safety. Gallup found that on average, workgroups that received strengths-based development improved on all of these measures by a considerable amount, compared with control groups that received less-intensive solutions or none at all. For instance, organizations implementing strengths-based initiatives experienced a 10-19 percent increase in sales, saw a 14-19 percent increase in profit, and reported 22-59 percent fewer safety incidents.

In addition, turnover rates improved significantly. Organizations with already low staff turnover decreased another six to 16 points, and high-turnover companies saw improvements of 26 to 72 points. Finally, 9-15 percent experienced a surge in engaged employees. Gallup reported that almost seven in 10 employees (67 percent) who strongly agree that their manager focuses on their strengths or positive characteristics are engaged. When employees strongly disagree with this statement, the percentage of workers who are engaged in their work plummeted to 2 percent.

Given these numbers, strengths-based development may be a viable alternative for organizations that want to revamp flawed performance management practices. Currently, most performance management systems are backward-looking reviews rather than forward-looking plans. They are based on the idea that to help employees perform better you must measure them against a series of key competencies and goals, point out where they fall short, and then challenge them to score higher next year. Although some reviews make a point to label missed goals and weak competencies as areas of opportunity, the message received by workers often is negative.

To boost productivity—and make employees want to take responsibility for their own performance and development—strengths are likely a better place to start. The challenge for organizations is to design ways for employees to apply their strengths more intelligently to business outcomes.

But making the move to strengths-based development and management must stem from leaders who seek to change the overall culture. In working with hundreds of organizations, Gallup uncovered seven strategies common to companies that accomplished the most with their strengths development:

- leadership alignment—putting the elements in place for a strengths-based culture
- manager alignment—developing teams and employees from the perspective of strengths
- internal communication—generating awareness of and enthusiasm for strengths
- strengths community—making strengths an integral and natural part of the organizations day-to-day operations
- performance management—focusing development and recognition on employees' strengths
- coaching—building a network of strengths experts and advocates
- brand building—tying the organization's strengths-based culture to its larger brand.

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"Strengths are integral in daily operations—acting like glue that reinforces performance," concludes Gallup. "The organization is strongest when it values and respects the unique potential of every employee. The goal is to make it easy for employees to use their strengths as often as possible."