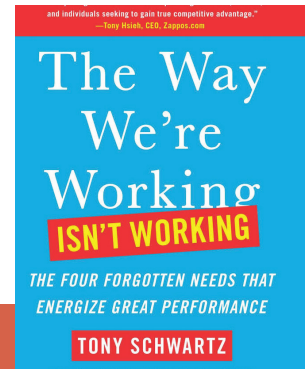


The Way We're Working isn't Working

Selected writings

By Mobius Senior Expert, Tony Schwartz

Additional materials from Tony are located in the Reading Room on www.mobiusleadership.com under Next Practice Institute.



The way we're working isn't working. Even if you're lucky enough to have a job, you're probably not very excited to get to the office in the morning, you don't feel much appreciated while you're there, you find it difficult to get your most important work accomplished, amid all the distractions, and you don't believe that what you're doing makes much of a difference anyway. By the time you get home, you're pretty much running on empty, and yet still answering emails until you fall asleep.

Increasingly, this experience is common not just to middle managers, but also to top executives.

Our company, The Energy Project, works with organizations and their leaders to improve employee engagement and more sustainable performance. A little over a year ago, Luke Kissam, the chief executive of Albemarle, a multibillion-dollar chemical company, sought me out as a coach to help him deal with the sense that his life was increasingly overwhelming. "I just felt that no matter what I was doing, I was always getting pulled somewhere else," he explained. "It seemed like I was always cheating someone — my company, my family, myself. I couldn't truly focus on anything."

Mr. Kissam is not alone. Srinivasan S. Pillay, a psychiatrist, assistant clinical professor at Harvard Medical School, and Mobius Senior Expert who studies burnout, recently surveyed a random sample of 72

senior leaders and found that nearly all of them reported at least some signs of burnout and that all of them noted at least one cause of burnout at work.

More broadly, just 30 percent of employees in America feel engaged at work, according to a 2013 report by Gallup. Around the world, across 142 countries, the proportion of employees who feel engaged at work is just 13 percent. For most of us, in short, work is a depleting, dispiriting experience, and in some obvious ways, it's getting worse.

Demand for our time is increasingly exceeding our capacity — draining us of the energy we need to bring our skill and talent fully to life. Increased competitiveness and a leaner, post-recession work force add to the pressures. The rise of digital technology is perhaps the biggest influence, exposing us to an unprecedented flood of information and requests that we feel compelled to read and respond to at all hours of the day and night.

Curious to understand what most influences people's engagement and productivity at work, we partnered with the Harvard Business Review to conduct a survey of more than 12,000 mostly white-collar employees across a broad range of companies and industries. We also gave the survey to employees at two of The Energy Project's clients — one a manufacturing company with 6,000 employees, the other a financial services company

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with 2,500 employees. The results were remarkably similar across all three populations.

Employees are vastly more satisfied and productive, it turns out, when these core needs are met:

- **Physical**, through opportunities to regularly renew and recharge at work
- **Emotional**, by feeling valued and appreciated for their contributions
- **Mental**, when they have the opportunity to focus in an absorbed way on their most important tasks and define when and where they get their work done
- **Spiritual**, by doing more of what they do best and enjoy most, and by feeling connected to a higher purpose at work.

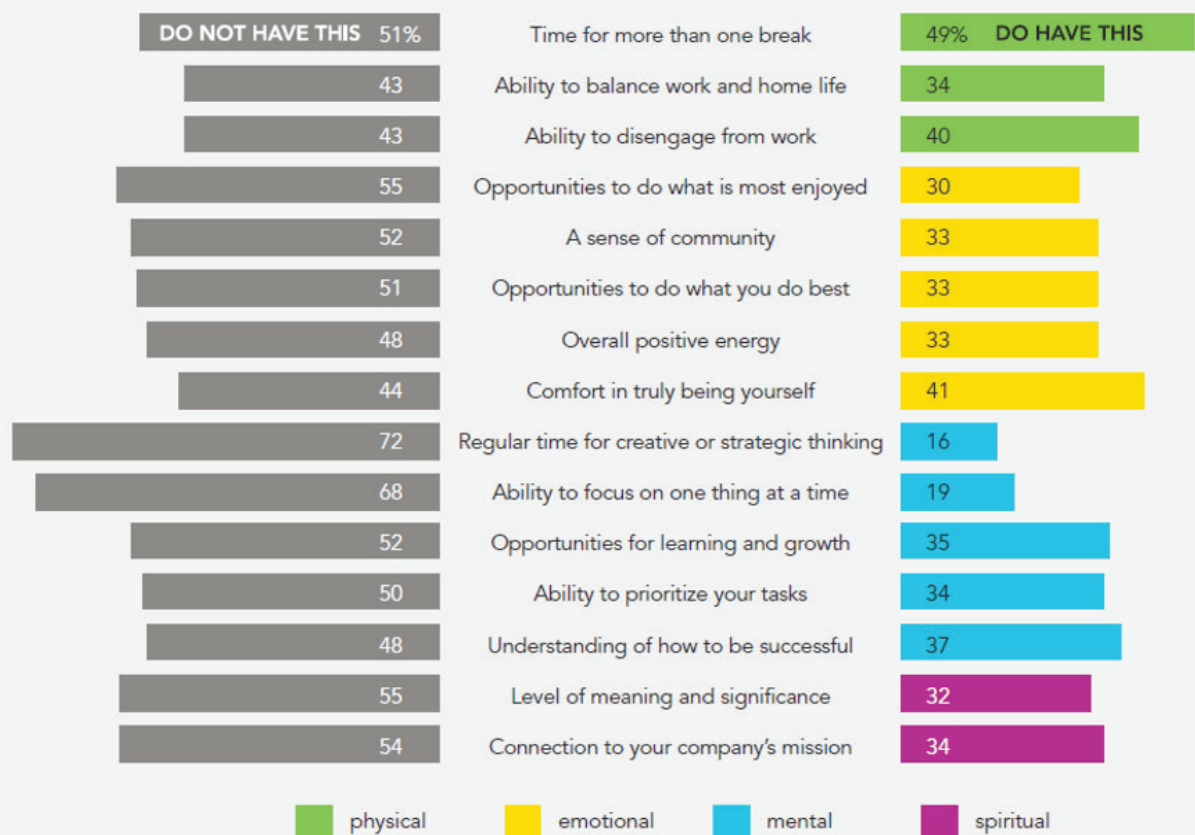
The more effectively leaders and organizations support employees in meeting these core needs, the more likely the employees are to experience

engagement, loyalty, job satisfaction and positive energy at work, and the lower their perceived levels of stress. When employees have one need met, compared with none, *all* of their performance variables improve. The more needs met, the more positive the impact.

Engagement — variously defined as involvement, commitment, passion, enthusiasm, focused effort and energy — has now been widely correlated with higher corporate performance. In a 2012 meta-analysis of 263 research studies across 192 companies, Gallup found that companies in the top quartile for engaged employees, compared with the bottom quartile, had 22 percent higher profitability, 10 percent higher customer ratings, 28 percent less theft and 48 percent fewer safety incidents.

A 2012 global work force study of 32,000 employees by the consulting company Towers Watson found that the traditional definition of engagement — the willingness of employees to voluntarily expend extra

Employees Identify Their Unmet Needs



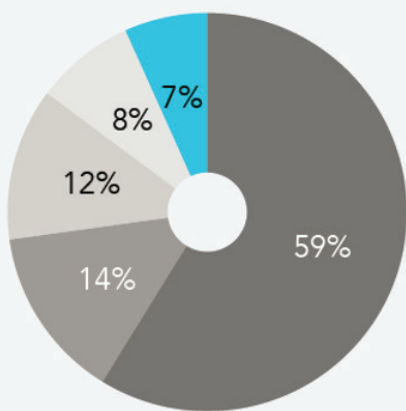
* neutral answers have been omitted

effort — is no longer sufficient to fuel the highest levels of performance. Willing, it turns out, does not guarantee able. Companies in the Towers Watson study with high engagement scores measured in the traditional way had an operating margin of 14 percent. By contrast, companies with the highest number of “sustainably engaged” employees had an operating margin of 27 percent, nearly three times those with the lowest traditional engagement scores.

Put simply, the way people feel at work profoundly influences how they perform. What our study revealed is just how much impact companies can have when they meet each of the four core needs of their employees.

- **Renewal (physical):** Employees who take a break every 90 minutes report a 30 percent higher level of focus than those who take no breaks or just one during the day. They also report a nearly 50 percent greater capacity to think creatively and a 46 percent higher level of health and well-being. The more hours people work beyond 40 — and the more continuously they work — the worse they feel, and the less engaged they become.

Only 7% of people have their core needs met at work.



- No Core Needs Met
- One Core Need Met
- Two Core Needs Met
- Three Core Needs Met
- Four Core Needs Met

By contrast, feeling encouraged by one’s supervisor to take breaks increases by nearly 100 percent people’s likelihood to stay with any given company, and also doubles their sense of health and well-being.

- **Value (emotional):** Feeling cared for by one’s supervisor has a more significant impact on people’s sense of trust and safety than any other behavior by a leader. Employees who say they have more supportive supervisors are 1.3 times as likely to stay with the organization and are 67 percent more engaged.

- **Focus (mental):** Only 20 percent of respondents said they were able to focus on one task at a time at work, but those who could were 50 percent more engaged. Similarly, only one-third of respondents said they were able to effectively prioritize their tasks, but those who did were 1.6 times better able to focus on one thing at a time.

- **Purpose (spiritual):** Employees who derive meaning and significance from their work were more than three times as likely to stay with their organizations — the highest single impact of any variable in our survey. These employees also reported 1.7 times higher job satisfaction and they were 1.4 times more engaged at work.

We often ask senior leaders a simple question: If your employees feel more energized, valued, focused and purposeful, do they perform better? Not surprisingly, the answer is almost always “Yes.” Next we ask, “So how much do you invest in meeting those needs?” An uncomfortable silence typically ensues.

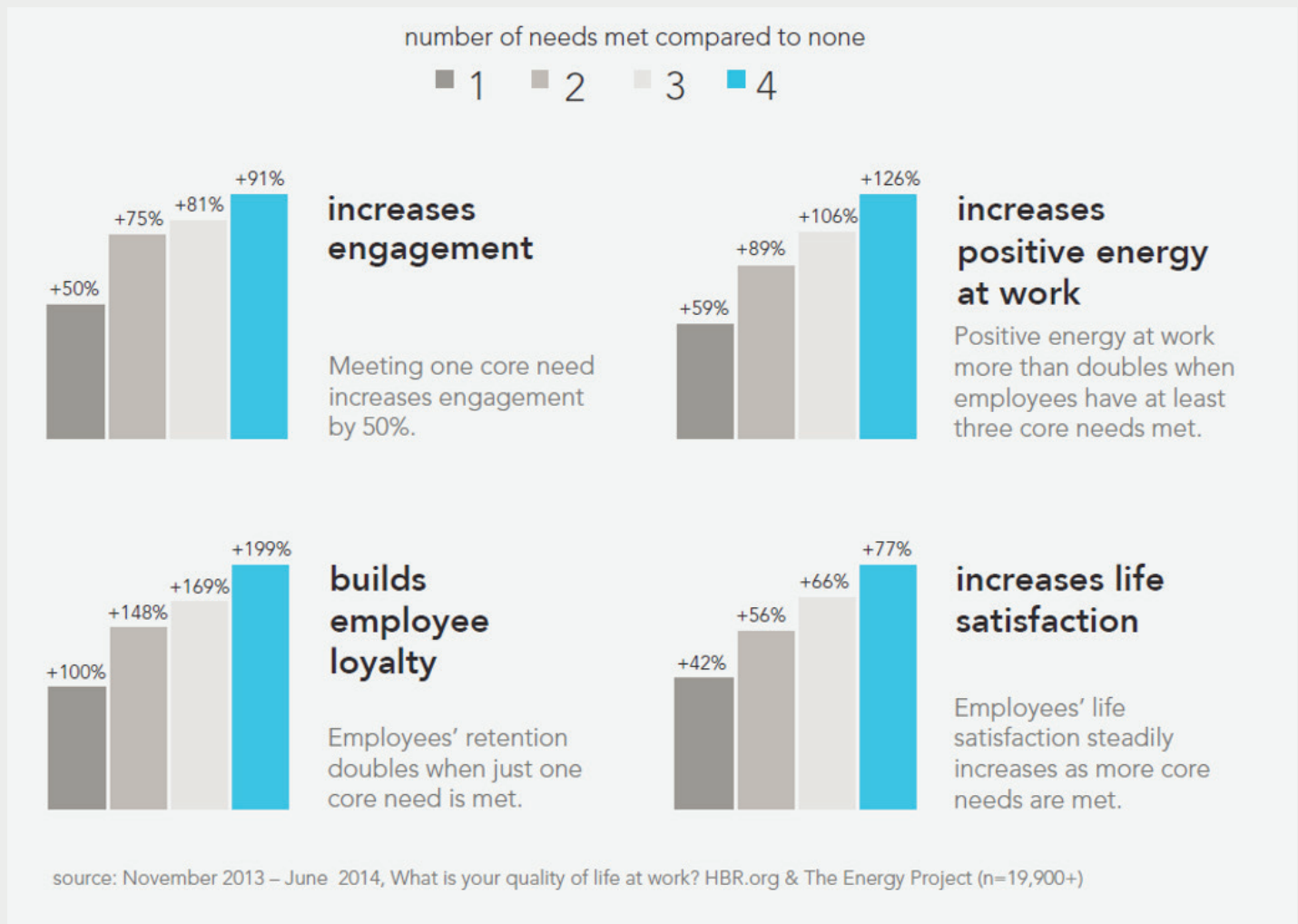
How to explain this odd disconnect?

The most obvious answer is that systematically investing in employees, beyond paying them a salary, didn’t seem necessary until recently. So long as employees were able to meet work demands, employers were under no pressure to address their more complex needs. Increasingly, however, employers are recognizing that the relentless stress of increased demand — caused in large part by digital technology — simply must be addressed.

Still, the forces of habit and inertia remain powerful obstacles to better meeting employee needs. Several years ago, we did a pilot program with 150 accountants in the middle of their firm’s busy tax season. Historically, employees work extremely long hours during these demanding periods, and are measured and evaluated based on how many hours they put in.

HOW MEETING CORE NEEDS AFFECTS EMPLOYEES

The more needs employers meet — physical, emotional, mental, and spiritual — the more their people's performance variables improve.



Workers at all levels in our survey are sending employers a clear message. If sustainable high performance is the goal, don't seek to get more out of us. Rather, invest more in helping to meet our core needs, so we have the energy we need to tap our full potential.

It's a new value proposition: Take better care of us and we'll take better care of business.

From the Whitepaper The Human Era @ Work: Findings from the Energy Project and Harvard Business Review, 2014

Recognizing the value of intermittent rest, we persuaded this firm to allow one group of accountants to work in a different way — alternating highly focused and uninterrupted 90-minute periods of work with 10 to 15-minute breaks in between, and a full one-hour break in the late afternoon, when our tendency to fall into a slump is higher. Our pilot group of employees was also permitted to leave as soon as they had accomplished a designated amount of work.

With higher focus, these employees ended up getting more work done in less time, left work earlier in the evenings than the rest of their colleagues, and reported a much less stressful overall experience during the busy season. Their turnover rate was far lower than that of employees in the rest of the firm. Senior leaders were aware of the results, but the firm didn't ultimately change any of its practices. "We just don't know any other way to measure them, except by their hours,"

one leader told us. Recently, we got a call from the same firm. "Could you come back?" one of the partners asked. "Our people are still getting burned out during tax season."

Partly, the challenge for employers is trust. For example, our study found that employees have a deep desire for flexibility about where and when they work — and far higher engagement when they have more choice. But many employers remain fearful that their employees won't accomplish their work without constant oversight — a belief that ironically feeds the distrust of their employees, and diminishes their engagement.

A truly human-centered organization puts its people first — even above customers — because it recognizes that they are the key to creating long-term value. Costco, for example, pays its average worker \$20.89 an hour, *Businessweek* reported last year, about 65 percent more than Walmart, which owns its biggest competitor, Sam's Club. Over time, Costco's huge investment in employees — including offering benefits to part-time workers — has proved to be a distinct advantage.

Costco's employees generate nearly twice the sales of Sam's Club employees. Costco has about 5 percent turnover among employees who stay at least a year, and the overall rate is far lower than that of Walmart. In turn, the reduced costs of recruiting and training new employees saves Costco several hundred million dollars a year. Between 2003 and 2013, Costco's stock rose more than 200 percent, compared with about 50 percent for Walmart's. What will prompt more companies to invest more in their employees?

Pain is one powerful motivator. Often companies seek out our services when they've begun losing valued employees, or a C.E.O. recognizes his own exhaustion, or a young, rising executive suddenly drops dead of a heart attack — a story we've been told more than a half dozen times in just the past six months.

In a numbers-driven world, the most compelling argument for change is the growing evidence that meeting the needs of employees fuels their productivity, loyalty and performance. Our own experience is that more and more companies are taking up this challenge — most commonly addressing employees' physical needs first, through wellness and well-being programs.

WHY GREAT LEADERS SEE MORE

Consider, for a moment, these seemingly paradoxical qualities:

Results-focused	◀ ▶	Reflectiveness
Honesty	◀ ▶	Compassion
Tough-mindedness	◀ ▶	Gentleness
Confidence	◀ ▶	Humility
Rationality	◀ ▶	Intuition
Intelligence	◀ ▶	Curiosity
Passion	◀ ▶	Composure
Practicality	◀ ▶	Vision

Is there any doubt that for each set of pairs above, most of us tend to favor one more than the other? Or that as a culture — especially in business and especially for those in leadership roles — we value the constellation of virtues on the left far more than we do those on the right?

Far less common is a broader shift in the corporate mind-set from trying to get more out of employees to investing more in meeting their needs, so they're both capable of and motivated to perform better and more sustainably.

The simplest way for companies to take on this challenge is to begin with a basic question: "What would make our employees feel more energized, better taken care of, more focused and more inspired?" It costs nothing, for example, to mandate that meetings run no longer than 90 minutes, or to set boundaries around when people are expected to answer email and how quickly they're expected to respond. Other basic steps we've seen client companies take is to create fitness facilities and nap rooms, and to provide healthy, high-quality food free, or at subsidized prices, as many Silicon Valley companies now do.

It also makes a big difference to explicitly reward leaders and managers who exhibit empathy, care and humility, and to hold them accountable for relying on anger or other demeaning emotions that may drive short-term results but also create a toxic climate of fear over time — with enormous costs. Also, as our study makes clear, employees are far more engaged when their work gives them an opportunity to make a positive difference in the world.

The energy of leaders is, for better or worse, contagious. When leaders explicitly encourage employees to work in more sustainable ways — and especially when they themselves model a sustainable way of working — their employees are 55 percent more engaged, 53 percent more focused, and more likely to stay at the company, our research with the Harvard Business Review found.

Mr. Kissam, the Albemarle chief executive I first met more than a year ago, has taken up the challenge for himself and his employees. He began by building breaks into his days — taking a walk around the block — and being more fully focused and present during time with his family. He now sets aside at least one morning on his calendar every week for reflection and thinking longer term. He has also made it a practice to send out handwritten notes of appreciation to people inside and outside the company.

Mr. Kissam has also championed a comprehensive rethinking of his organization's practices around meetings, email, flexible work arrangements, conflict resolution and recognition. By the end of 2014 more than 1,000 of his leaders and managers will have gone through a program aimed at helping them more skillfully meet their own needs, and the needs of those they oversee.

"I can already see it's working," Mr. Kissam told us. "Our safety record has improved significantly this year, because our people are more focused. We're trusting them to do their jobs rather than telling them what to do, and then we're appreciating them for their efforts. We're also on the right path financially. A year from now it's going to show up in our profitability. I saw what happened when I invested more in myself, and now we're seeing what happens when we invest in our employees." ■

Prose adapted from *Why You Hate Work* which originally appeared in *The New York Times*, by Tony Schwartz and his co-author Christine Porath, associate professor at Georgetown University's McDonough School of Business.



Tony Schwartz is the CEO and founder of The Energy Project, which helps companies sustain high performance. He is the author of *What Really Matters: Searching for Wisdom in America*, and the co-author of *The Power of Full Engagement*, now translated into 28 languages. His latest book, *The Way We're Working Isn't Working*, has also gone on to be a *New York Times* and *WSJ* bestseller.