CHAPTER ONE

INTRODUCTION: THE VALUE OF CREATING GREAT WORKPLACES

Ninety-five percent of my assets drive out the front gate every evening. It's my job to bring them back.

—JIM GOODNIGHT, CEO AND FOUNDER OF SAS

What makes a great workplace? It's not what you do. It's how you do it.

If you are a leader, you must communicate, make decisions, and interact with people, just as leaders in all companies do. You may carry out your job description very well. But to be a leader in a great workplace, you need to not only execute your role but also instill certain beliefs in people as you are doing it. A great workplace is one where people trust the people they work for, take pride in what they do, and enjoy the people they work with. As a leader, you are the one to create and reinforce these beliefs with every communication, every decision, every interaction. To create a great workplace, you'll need to do your job differently. It requires a mindshift; it requires viewing your employees like Jim Goodnight suggests in the quote that opens this chapter. You'll need to do your job realizing that how you do what you do makes a world of difference to employees.

Consider the following quotes from employees in great workplaces:

"We have the culture where people are willing to talk to each other, share what they know, and take the proactive step to get you in touch with the right person."

"If you are a boss or a manager, you realize it's not about you. It's about empowering your people. And your voice doesn't carry any more weight than anyone else's. The only way this [management style] will work is by nurturing and nudging and helping set some vision."

"Our company has growing pains like any company, but the people always come first. I truly know that I matter in this corporation, and that's what keeps me here."

What do people say about your company, division, or workgroup? Do they say it's a great place to work? If you don't yet have a great workplace, it can be. And if it is already a great workplace, you can hang on to it. This book will show you how. Not by handing over a list of initiatives or steps, but by orienting you to a different way of doing things. We won't tell you what to do, but we will tell you how to do it.

THE KNOWLEDGE BASE

The content of this book is based on years of research. Our company, the Great Place to Work Institute, has been studying great workplaces since its inception in 1991. But research began much earlier, in the early 1980s, when cofounder Robert Levering and Milton Moskowitz were approached by Addison-Wesley Publishing to write a book on the best places to work in America. When Robert and Milton set out to interview people in companies around the country in 1980, business outcomes were not a key consideration. Rather, Robert and Milton believed that treating people well was the right thing to do, and so they focused exclusively on the employee experience. Still, they expected to see a connection between the companies with the happiest employees and the companies with the healthiest bottom lines. They also anticipated that they would see consistent practices among the best workplaces, those that Robert and Milton deemed the 100 best in America. From those consistencies, they hoped they could discern a recipe for creating a great workplace that could be followed by any leader in any organization.

In their 1984 book, *The 100 Best Companies to Work for in America,* Levering and Moskowitz described the experience of employees at the 100 best workplaces among the hundreds they researched. The *New York Times* bestseller provided informative stories about all 100 companies, and highlighted several aspects they shared, including opportunities, pay and benefits, and openness. Themes began to emerge about the characteristics of great workplaces, but what made great workplaces that way weren't categories of practices or policies.

Turns out that the intuitively obvious prediction, that organizations with the most creative practices and the best bottom lines would be the ones employees raved about, was not universally true. Something was going on that transcended the policies and practices at the best companies to work for. It wasn't *what* they were doing, it was *how* their leaders were doing it. Specifically, the practices companies had and the money leaders spent on employees did not always lead to great workplaces; the relationships they built in the process did.

In Levering's 1988 book, *A Great Place to Work: What Makes Some Employers So Good—And Most So Bad*, he discussed great workplaces in terms of relationships and put forth the definition of a Great Place to Work that opened this chapter and that appears throughout this book.

Specifically, he identified the relationships between employees and their leaders, between employees and their jobs, and between employees and each other as the indicators of a great place to work. Relationships at work matter, and in particular, the centrality of these three relationships influenced people's loyalty, commitment, and willingness to contribute to organizational goals and priorities. If leaders implemented practices and created programs and policies that contributed to these three relationships, employees had a great workplace experience. It mattered less what the programs, policies, and practices were, and more that they were done in a way that strengthened relationships. The Great Place to Work Model (see Figure 1.1) was developed during this time by the Institute's founders, Robert Levering and Amy Lyman. The Model was later formalized and today has five dimensions, which form the core chapters of this book: Credibility, Respect, Fairness (which, put together, comprise Trust); Pride; and Camaraderie.

Figure 1.1 The Great Place to Work Model

In the late 1990s, FORTUNE magazine approached the Institute to develop an annual list of the best companies to work for in America. Now the FORTUNE 100 Best Companies to Work For® list is released every January in one of the magazine's best-selling issues. While the FORTUNE list tends to showcase the perks and benefits that employees in those companies enjoy, those perks are not the reason the companies made the list in the first place. They made the list because of their leaders' ability to create strong relationships. They made the list because of the five dimensions.

Not only have these five hallmarks stood the test of time, they are also applicable to companies regardless of size or geographic location. The idea of great workplaces and the practical Model quickly spread beyond the United States. Now, in over 40 countries around the world, the Great Place to Work Institute has shown that organizations and their employees thrive when these hallmarks are woven into actions on the part of their leaders.

All told, the Institute surveys 2 million people and gathers data on the cultures of nearly 6,000 companies worldwide every year. We evaluate companies for list membership using consistent methodology, whether the company is 60 people or 6,000, located in Brazil or India. In these evaluations, we assess two aspects of workplaces. The first aspect, weighted more heavily, is the employee experience. The Institute administers a survey called the Trust Index© to determine the consistency of trust, pride, and camaraderie in the workplace and to learn directly from employees what makes their workplace great.

The second aspect we evaluate for our best companies lists are the programs, policies, and practices leaders put in place for their employees. Using our Culture Audit©, trained evaluators assess each organization, and care is taken to calibrate ratings across the hundreds of companies that apply each year. From the Culture Audits, the Institute gathers thousands of best practices that, like the survey's employee comments, breathe life into the concepts of trust, pride, and camaraderie. These practices range from Boston Consulting Group's policy of giving seasoned veterans incentives to have lunch with new hires, to ACUITY's Gossip Lines, wherein CEO Ben Salzmann shares information and personal stories via blast voicemail.

The Institute holds several annual conferences around the world that bring leaders from the recognized organizations together to share their stories, and we maintain close ties with the list-makers, learning from them through site visits, interviews, and focus groups. As team members with the Institute, the two of us have at our fingertips scores of best practices and employee comments that help us help leaders build stronger relationships with their people. We use this wealth of information in our role as consultants, wherein we're hired by companies who want to improve the relationships in their organizations.

Over time, we've learned a thing or two about creating great workplaces, and this book is about sharing what we've learned with you. You'll find many examples of best practices from the best companies, practices that build the relationships of trust, pride, and camaraderie. Many of these practices were submitted by the companies themselves as part of their consideration for the list. In other cases, we've talked to employees and leaders specifically for this book; we asked them what they want you to know about creating and sustaining a great workplace. What is still astounding to us, after years working closely with the best, is that there is no end to the ways you can build relationships through your practices. Your practices will look different than many of those mentioned in this book, but as you create your great workplace, keep in mind three fundamental relationships.

THE THREE RELATIONSHIPS

People have a choice every day in how they mentally approach their work. Though most of us ultimately work for some blend of financial goals and personal fulfillment, we each choose how we *think* about our work. People can consider work a necessity or a blessing, a burden or an opportunity. While the choice is not as simplistic as that, putting it in stark terms does help you think more critically about how the decisions you make as a leader influence how your employees see their work.

We began asking people about how their workplace shaped their approach to work in 1980, when Levering and Moskowitz asked thousands of employees, "Is your organization a great place to work?" and "Why?" While the context in which people respond has changed quite a bit since then, their answers point to strikingly consistent experiences. Specifically, they believe their leaders to be credible, respectful, and fair—they trust them. They also take pride in what they do, and they share a sense of camaraderie with their coworkers. Without trust, pride, and camaraderie, any measure of business success is diminished.

Therein lies an important insight. Because the relationships you create matter, *you* are the critical difference between a very good company and a very great company. In the best companies, leaders at all levels have a strong commitment to creating strong ties between the employee and the organization. Indeed, enhancing trust, pride, and camaraderie in the workplace is *the* central task of effective leadership in today's organization.

Trust

It is often said that employees tend to join organizations, but leave their managers. While not a universal truth, it is often the case that employees look for new opportunities when they determine they have irreconcilable relationships with their supervisors. On the other hand, when an employee says and genuinely means, "I trust the people I work for," leaders, the employee, and the organization all benefit. Not only is the risk of turnover lessened, but the workflow is easier and more gratifying.

If you step back from your workplace and consider for a moment the people in your life whom you really trust and who trust you, you know that agreeing upon goals, communicating needs and issues, and relying upon them to follow through is easier and quicker. People in trusting relationships sometimes develop a shorthand way of communicating that helps to speed up information flow. Further, when a difficult issue comes up, the individuals in the relationship seek to preserve the relationship and give one another the benefit of the doubt. A similar pattern appears in trusting business relationships—we are not always second-guessing motives, and we can rely on other people to follow through on their commitments.

Trust also supports enhanced cooperation. When we trust one another in our teams, we are more likely to encourage mutual growth, seek the win-win, and resolve conflicts more constructively. We are more willing to give extra to get the job done. In all of these ways, the trust that a manager helps to foster with his or her team matters. Trust is the primary relationship.

This is evidenced by the nuanced way that employees we surveyed talked about trusting their leaders. Employees described three qualities that are necessary to their experience of trust, and these three qualities are the first three dimensions of the Great Place to Work Model. The first, Credibility, involves the sense that leaders give employees appropriate information, are competent to lead the organization, and that their actions match their words. The second, Respect, refers to the employees' beliefs that leaders support them personally and professionally, that they wish to collaborate with them on suggestions and decisions, and that leaders care about them as people and not just as employees. The final group of perceptions, Fairness, involves the belief that leaders create a level playing field, treating people equitably and impartially, and allowing them to voice concerns about decisions.

An example that speaks to all three qualities can be found in a story about Plante & Moran, a Michigan-based accounting firm and a list-maker since 1999. They proclaim that the company is "relatively jerk-free" right in the philosophy statement. The story behind the claim is that founding partner Frank Moran once told a fellow staff member that Plante & Moran doesn't hire jerks, hence leaving the organization jerk-free. But the staff member replied that we are all jerks at times. Frank conceded this point and settled for the statement that the company is "relatively jerk-free." In this simple statement, Plante & Moran communicates its goal to hire the best people (Credibility), its nurturing and understanding work environment (Respect), and its commitment to holding everyone to a similar standard (Fairness). All leaders set expectations for people, but Plante & Moran builds credibility, respect, and fairness in their approach. Each of these anchors of trust will be discussed later in the book.

Pride

The second of the three relationships found in great workplaces (and the fourth dimension of the Great Place to Work Model) is the relationship between the individual and his or her work. Essentially, people experience a great workplace when they feel as though they make a difference in their organization, that their work is meaningful. They are also proud of their team's accomplishments, and the contributions the organization makes to the community at large. Often, pride comes from the employee's sense that he or she contributes to the organization's values, the goods and services it produces, and the philanthropic contributions the organization makes to better their communities. While largely internalized, a healthy sense of pride can be bolstered by actions on the part of the organization.

Many of these actions will be discussed in the chapter on Pride, but for now, consider Recreation Equipment Inc. (REI). While best known as a nationwide retailer of quality outdoor gear and apparel, REI's employees know they are contributing to a higher goal. REI is committed to getting people active outdoors, increasing access to outdoor recreation, and reducing its own impact on the environment. Pictures of employees participating in outdoor activities are posted on the walls of every store, and employees are routinely involved in community outreach projects. While REI might attract individuals who already have an affinity for the outdoors, the opportunities REI offers employees capitalizes upon and multiplies this sense of pride.

Camaraderie

Great workplaces foster healthy and strong relationships between people, and given this, the final dimension of the Great Place to Work Model is Camaraderie. At great workplaces, people feel welcomed from the very first day, through everything from formal orientation activities to meaningful interactions with coworkers and mentors. They feel as though everyone is working toward one common goal, and that they can be authentic at work. While some degree of camaraderie can be attributed to good hiring, organizations also take action to build a sense of family at work. They provide opportunities for employees to collaborate and interact outside of work. Some also provide outlets for employees to help one another in times of need. Still others celebrate the unique gifts of their employees that may not otherwise be discovered in the course of a normal workday.

Starbucks, a global purveyor of tea and coffee, is a company that encourages camaraderie. In each of its 15,000 stores, partners (Starbucks' term for "employees") get to know each other better by sharing free beverages a half-hour before and after their shift. This allows partners to interact with one another off-the-clock, but enjoying a cup of coffee or tea on the company.

These five dimensions—and three relationships they fall under—will provide a vocabulary with which you might better understand great workplaces, a lens through which you can consider the health of the relationships in your organization, and a framework for you to make systematic changes to your workplace. A summary of the Model is presented in Figure 1.1.

THE ATTITUDE ADJUSTMENT

Lest you think trust, pride, and camaraderie are "nice to haves" rather than essentials, consider the stories of two leaders, Tony Parella and Chris Van Gorder.

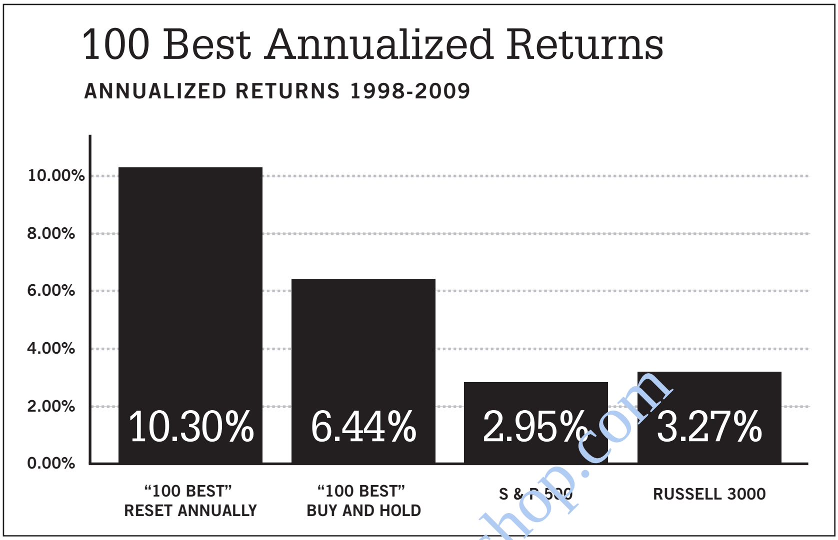
Tony Parella is the CEO of Shared Technologies, a company that installs and maintains high-end telecommunications equipment. The company has been owned by WorldCom, Intermedia, and Allegiance Telecom, all of which went into bankruptcy. The staff was demoralized by the financial and operational challenges, and trust in the workplace was low. Parella believed there had to be a better way, and he and his management team undertook the difficult task of rebuilding trust. In four short years, Parella took the organization from Chapter 11 bankruptcy to a 45 percent compounded annual growth rate. As he put it in a talk given at the 2009 Great Place to Work Institute Conference, "In 2005, Shared Technologies' employee survey results returned an average approval rating of 59 percent. In 2007, the exact same survey resulted in an overall approval rating of 96 percent. That's a 37 percent improvement. Shared Technologies has grown by 45 percent, year after year, while the rest of our industry has had, at best, single-digit growth. . . . When employees feel good about their work life and their company, they deliver above-market results for investors" (Parella, 2008, p. 73–74).

Chris Van Gorder is the CEO of Scripps Health, which faced a series of organizational challenges back in 2001. Scripps was incurring significant operating losses, had acquired a health unit that also was incurring monthly losses, and was experiencing sizable financial impact from their efforts to comply with new California legislation. Added to this was high turnover among staff, broken communication channels, and labor shortages. Scripps' internal employee survey also indicated variable levels of trust in management. Through a concerted effort to focus on the organization's strategic objectives, which included workforce development and trust-building measures, Scripps increased profitability by $62 million in four years. Moreover, turnover, vacancy rates in hard-to-fill positions, workers' compensation claims, and health care costs all decreased, and employee survey results soared.

As Van Gorder puts it, "We never want to get cocky, and we know that things will come along that are going to put a real strain on us. But if we put enough credibility in the bank and take care of our people, our people are going to take us through it. If we don't, we will fail. And that is what being a great place to work is all about. And that is the return on investment. It is not immediate, necessarily. And I don't know how tangible it is. I don't think you could come up with dollars and cents, but when I was recently with all the top hospital systems in the state, and they were going around talking about all their woes, I was a little embarrassed. We are not having those challenges. And we are in the toughest marketplace in California."

Shared Technologies and Scripps Health are not unique. Indeed, in research done on the best companies to work for, we see consistent evidence of their financial success. Russell Investment Group conducts an annual assessment of the financial performance of the publicly traded 100 Best against the S&P 500 and the Russell 3000. For example, from 1998–2008, the 100 Best achieved annualized stock returns of 6.8 percent, with the S&P 500 coming in at 1.04 percent and the Russell 3000 at 1.25 percent. Table 1.1 highlights this trend over time. Related studies of the financial performance of the best companies in other countries such as Denmark, the U.K., and Brazil also confirm this trend.

Table 1.1



The work of Alex Edmans at the Wharton School provides further evidence. In his 2007 study, Edmans analyzed the relationship between employee satisfaction and long-run stock performance. He utilized the FORTUNE 100 Best Companies to Work For list over an eight-year period, and even when controlling for other factors (such as risk or industry), found that the 100 Best portfolio earned over double the market returns by the end of 2005. High-trust workplaces consistently outperform lower-trust workplaces (Edmans, 2010).

Other comparisons between the list-makers and the rest indicate more immediate financial implications of trust. For instance, we know that the best places to work have lower turnover as compared to the statistics compiled by the Bureau of Labor Statistics, more job applicants as compared to applicants to the list that do not achieve recognition, and in the U.K., lower absenteeism than companies not recognized for their workplace cultures.

As Jim Goodnight, Founder and CEO of SAS, an analytic software company, notes, "It turns out that doing the right thing, treating people right, is also the right thing for the company." Indeed it is. SAS generally has about 4 percent turnover every year, in an industry that tends to average around 20 percent. Estimates by Professor Jeffrey Pfeffer of Stanford University indicate that the company saves between $75–100 million annually—a figure that drops right to the bottom line. Further, stable project teams support overall efficiency, quality, and long-term customer relationships. (Additional information on the return on investment and related studies can be found at this book's website, www.thegreatworkplaceonline.com.)

What's driving these results? Sometimes it is the *lack* of unnecessary disruptions and stress (like those found in a low-trust environment) that lead to positive financial success. When people mistrust their leaders, feel stuck in a meaningless job, or feel as though they don't know their coworkers well enough to be themselves, they tend to ruminate and lose focus. Not to mention, people don't usually bound out of bed to arrive in such an environment, nor do they stay much past the formal end of their workday to finish up a project important to the company's growth and success.

In order to understand the financial implications of this state of mind, consider for a moment the cost to a business if a product ships late, or a piece of equipment breaks down, or a critical system crashes. These costs can usually be calculated to the dollar, and they often are. We even have terms for these problems, such as "system down time." Consider, however, the costs to a business if two employees get into an unproductive exchange, and then return to their work stations or offices. They aren't focused on the task at hand; instead, they are still thinking about the frustrating interaction they just had with their colleague. Or consider the implication if a team leader fails to address unclear roles or goals. The team lurches along, marginally productive but wholly ineffective.

Very smart leaders can often calculate the cost of one defective product, or one lost customer. But what would be the cost of all of the lost time that is built in to unhealthy relationships at work?

Terri Kelly is the CEO of W. L. Gore & Associates, an innovative company that researches, develops, and manufactures fluoropolymer-based products, the most well known being Gore-Tex® fabric. She suggests that most companies have seen an underperforming team in action. When a team underperforms, she says, “You’re spending hours on end in meetings because there’s no trust, there’s no relationship, there’s no desire to work together, and people hunker down. I can’t even think about the productivity drain when you’ve got that kind of environment.” That’s why Gore invests early to make sure teams are high performing. “You’ve got to have them build relationships. They have to invest the time to get to know each other, not just their technical abilities, but what they’re all about and what perspective they can bring,” Kelly says. “We see this as an investment in furthering our teams so they are really high-performing teams. They have a totally different level of ownership and responsibility for the company. We have not gone to the precision of trying to measure that financially, but there is no doubt that there is a strong linkage that goes directly back to our strategic intent.”

Data can prove to you how high-trust relationships yield tangible business benefits and unhealthy relationships result in disengaged employees, people down time, and other hard or soft costs. However, as a leader, even if you are a believer, that isn’t enough. You will need to put your beliefs into action, and no amount of data or statistics can do the work for you. Wegmans Food Markets is a grocery store chain based in Rochester, New York. CEO Danny Wegman suggests, “Things get in the way of letting people be human. Particularly quarterly reports and business schools. I think what we try to do is make it very clear that what’s important is doing the right thing. And if we do the right thing, all the other things take care of themselves.”

One hurdle, then, is learning to trust that there are bottom line results when leaders do the right thing. There are other hurdles as well, shifts you'll need to make in your own thinking in order to fully embrace the idea of a great workplace. While the best places to work and the people who lead them are nothing short of phenomenal, they are not a product of magic or luck. Good workplaces become great when leaders just like you deliberately and reliably focus upon building trust, pride, and camaraderie with people in the organization. Other hurdles that may be stopping you are predictable: time; the "if it ain't broke, don't fix it" mentality; and tunnel vision.

Who Has the Time?

In a rapidly changing environment, we react to what is in front of us. There are big issues to deal with: competition, globalization, legislation, and natural disasters. And there are the more mundane, but often more pressing issues like turnover, budget shortfalls, and deliverables.

Trust grows from how the leader reacts to these changes—it's a by-product, if you will. If a leader reacts adeptly, while considering the needs of employees and maintaining a level playing field for all, trust is strengthened. But rarely are you attending to the relational consequences of your every move. This is not because you don't understand the importance of relationships, but because you need to put out the next fire. This is admirable. A leader is rarely successful if he or she can't move nimbly through the changing environment.

But what leaders often miss is that their ability to mobilize others to meet these challenges alongside them depends upon how much leaders are trusted. If people don't trust their leaders, they hesitate, weigh the consequences of action and inaction, and may determine that the safest thing to do is wait and see. For example, do you want your employees to spend their time and energy on a marketing opportunity that you are sure will increase sales? If they don't trust you, you'll have a hard time getting them to do so without painstakingly convincing them or resorting to unpleasant ultimatums. And, in the time it takes you to get them on board, you may lose the opportunity. On the other hand, if they trust you, employees have confidence in the direction you set and put forth effort readily. Even if your hunch isn't right about the opportunity, they'll give you the latitude to make mistakes along the way.

Whatever tangible issue you are dealing with will probably change again, but trust with employees underlies everything. The upshot is this: while time may prevent you from thinking systematically about your workplace relationships, the shortage of time is one reason you are wise to think systematically about your workplace relationships. Things move along more smoothly when relationships are strong, and when time is short, this can be the difference between success and failure.

I Really Don't Think Trust Is My Problem. If It Ain't Broke, Don't Fix It

Sheer statistics tell you otherwise. In the most recent Edelman Trust Barometer (2010)—a global survey of people in 22 countries on 5 continents that investigates the trust afforded to leaders, institutions, and businesses—it was determined that people trust information from peers, industry analysts, and academics more than they trust information coming from a CEO. Less than 30 percent of people surveyed in the U.S. believe information from a CEO is credible.

The tricky thing about trust is that there are no obvious and early indicators for a low-trust environment. If there are problems with a piece of equipment, defect rates rise or output decreases. If there are problems with investments, returns fall. If there is a problem with marketing or sales, market share drops. For many business problems, there is (quantifiable) smoke before there is fire.

This is not the case with trust. Without trust, business can carry on, but whatever outcomes are being achieved are not the best a company can do. That is to say, without trust, people still come to work, still carry out their assigned tasks, still pass their work on to the next person. Though the contributions they make are not nearly what they'd be capable of in an environment of trust, they may be producing enough that you don't even know you have a problem. As trust diminishes in an organization, or even if it was never built in the first place, it may take time before leaders realize they've lost it. Like with all relationships, trust is often difficult to build, especially after it has been breached. It is much easier to nurture the trust you have already earned than to build it from scratch.

On the other hand, in environments where trust is present and nurtured, people show up for *years*. Turnover is lower, which increases efficiency and reduces recruiting and hiring costs. In high-trust environments, people not only do their work, they constantly work to improve their work, and they take calculated risks that benefit the organization. In high-trust environments, people know each other well; they work together to accomplish greater outcomes while building strong relationships that maximize development and create a sense of belonging.

Once again, the reason you are not focused on relationships is exactly why you should be. You may not be focused on relationships because you are not seeing any signs they are breaking down, but those signs won't show up until the business suffers. Attend to it now, before it's too late.

Shouldn't I Be Focusing on the Business Instead?

Yes . . . and no. Yes, you should be focusing on the business. No, you should not do that *instead* of focusing on relationships. And quite simply, you can't just focus on the business, even if you want to. The way you make every business decision (the *how*, not the *what*) affects your relationships with people, like it or not. The sum total of the three relationships we've been talking about can be thought of as the culture of your organization, and you help create that culture with every acquisition you oversee, employee you hire, and problem you resolve.

It's true that a lot of the time, the business problems companies face are largely unrelated to the "people" side of the business. Still, the resolution of the problems contributes to culture. For instance, at Gore, leaders recognized early on that they would need to keep an entrepreneurial spirit in order to be successful in the marketplace. While they could have solved this problem any number of ways, Gore chose to do so by providing employees with as much flexibility as possible. People are hired for a role, but they choose the projects they wish to work on. Associates are held accountable for their commitments to projects, and Gore reaps the benefits of the increased energy, creativity, and entrepreneurship that come with personal choice. The business problem of sustained entrepreneurial spirit was solved by respecting the needs of employees and thereby building trust.

Companies also face problems that *are* clearly related to the people side of things, problems like employee attraction, retention, engagement, and performance. Many tech companies, including Microsoft and SAS, realize that the talent pipeline for their industry starts with grades K–12. Both have programs to engage and inspire this group, and perhaps to plant the seed for eventual employees! Microsoft hosts DigiGirlz days and summer camps each year to educate high school junior girls about careers in technology, and to break down some of the stereotypes of the industry. Cofounders of SAS started a secondary school, Cary Academy, to integrate technology into the learning process. While each company could have addressed this people problem differently, they each have married its solution with their values and passions to create an even stronger organizational culture.

Regardless of whether it is a business problem or a people problem, culture is a by-product of resolving it successfully. When equipment breaks down and a capital investment is required, trust is built when you involve employees in the decision, train them appropriately, and thank them for their help in making the transition a success. When cost cuts are required, trust is built when you engage people in finding places to save money, share the burden with employees, and use layoffs as a last resort.

On the flip side, you will gain little traction if you set out to create culture by generating a set of initiatives or projects that exist separately from your company's operational challenges and opportunities. When leaders champion cultural changes that do not solve real business problems, or that exist in a vacuum apart from the company's operating environment, they fail. They become the dreaded "flavor of the month" that employees learn to dismiss as soon as the fanfare from the launch wears off. So, it is less important that you create new initiatives, and more important that you change the way you are executing on the things that help make your organization successful. So yes, focus on the business.

The assumption that the relationships of trust, pride, and camaraderie do not hold a candle to the priority of time-pressed, financial, and operating investments is a faulty one. While we don't argue about the wisdom of focusing time, energy, and resources on the business, we submit that it is a false choice to place attention here rather than on the culture. The resolution of such issues *becomes* the culture, and no amount of compartmentalization into business issues and people issues can change that. The business issues are the people issues, and the people issues are the business issues.

Though we've just addressed three common and predictable hurdles, there are doubtless many more. Attitudes build up over a long period of time, and it is no small thing to change them. But the benefits of doing so are countless. If people trust the people they work for, they are willing to take more risks, follow in times of uncertainty, and assume the best intentions on the part of leaders. If people have pride in what they do, the quality of their work matters personally, and they'll talk about their experiences with neighbors and friends, which in turn improves the reputation of the organization. If people like their coworkers, they are happy to help out in times of need, and to welcome new employees in ways that exceed their expectations and bind them to the company from day one. First and foremost, adjust your attitude. See relationships as important aspects of your business success. Imbue your actions with trust, pride, and camaraderie.

BEGINNING THE JOURNEY

As you begin, know that it starts with you; *you* are the person to make these changes in your organization. Change is not a program, an initiative, or a policy. "We try to be very careful about talking about initiatives and programs. You can easily wind up in a position of initiative overload," says Michael Fenlon, a Human Capital Leader at PricewaterhouseCoopers LLP, a professional service firm. He goes on, "Also, sometimes when we talk about a program or initiative, it is something . . . that is part of the culture, the fabric, the DNA of the place." Fenlon talks about employee development as an example of a cultural element that does not rely solely upon a formalized program. Rather, employee development comes from the behavior of each and every leader. "So much of high performance is about setting high expectations *and* creating a feedback-rich environment, recognizing and celebrating accomplishments, instilling a sense of purpose and meaning, and investing in development. We emphasize coaching within the engagement team, offering feedback in real time and in the moment. So while we invest in formal development programs that also foster networking and a sense of community, our fundamental approach is integrating development within our engagements and as part of achieving sustained high performance within our teams."

We often joke that our jobs as consultants would be so much easier if we could help leaders roll out a "Trust Policy." Essentially, it would decree that from this day forward, everyone will trust everyone else. In some ways, building trust is easier than generating a policy; all it requires you to do is to behave differently. In other ways, though, building trust is infinitely more difficult. It requires you to consider the impacts of your decisions on relationships, to craft and support organizational policies and procedures that position your managers to do the same, and to build a self-sustaining system of trust with employees.

Moreover, no two great workplaces look the same, and the only way you will determine what is best for your company is to engage in practices that will give you feedback as to what works. While the rest of this book gives examples, insights, and best practices for creating strong relationships, you are the only one who can determine what it looks like in your organization. We give suggestions for how to go about this in Chapter 8.

The important point, though, is to begin the journey by doing things differently. We agree with several leaders who have pointed out that it is easier to act your way into a new way of thinking than it is to think your way into a new way of acting. But while it is important to get started, it is also important to remember that the journey takes time. If you and your leadership team have not been factoring in relationships as a key aspect of your decision making, it might seem a daunting task to begin to do that now. Some leaders are most successful when they start small. Perhaps they shift weekly meetings that are mostly one-way communication to working meetings where everyone puts their heads together to solve a pressing problem. We worked with one leader who shifted his one-on-one meetings with his staff from his office to theirs, demonstrating respect for their time and signaling that he valued each as a person. Another leader began blasting voicemails that included both business and personal items in order to increase his accessibility. Over time, what leaders learn in these small changes lays the groundwork for a cultural shift that includes changes in organizational policies, leadership development, and operating procedures. You'll read about some of those changes, and more, in the chapters to come.

In the next few chapters, we will discuss the *behaviors* associated with building relationships at work. And we ground these behaviors in the employee's experience. We made this pair of choices deliberately. The first, because many times leaders get stuck when starting out, and behaviors are the only thing in your control. And the second, because by focusing on the outcome—the employee experience—you will be able to see how to put these concepts into practice. But changing behavior is not an end in and of itself; it is a catalyst for a larger process whereby attitudes and relationships change. And, ultimately, so does the organizational culture.

Case Study

SAS: Taking Care of Their Greatest Asset

Fast Facts:

- Software developer
- Based in Cary, NC
- Founded in 1976
- Privately held
- 5,566 employees in the United States; 11,055 in offices around the world
- List-maker since 1998, with recognition in the 1993 book; recognized internationally forty-eight times

SAS is widely recognized as a great workplace. In fact, SAS is often cited as an inspiration by many of today's list-makers for their own facilities, wellness programs, and benefits. Even today, more than 34 years since its founding, SAS's list of benefits for employees is jaw-dropping. Some of the most unique include

- An on-site Health Care Center with a 56-member staff. There is no cost to employees or their covered dependents. A SAS pediatric health care provider is available by phone during the evening, weekend, and holiday hours for breastfeeding mothers and parents of young infants with questions and concerns.
- An on-site childcare facility at headquarters for over 600 children, affiliated with the American Montessori Society. All full-time employees with one year of service are eligible to apply for placement, and when there is a waiting list, acceptance is based on length of time with the company, not on an employee's position in the organization. Parents at regional offices receive a childcare subsidy that is comparable to the on-site benefit.
- Eldercare resources such as supportive networking opportunities; consultants; professional guidance for advance care directives; and a Caring Closet stocked with wheelchairs, crutches, shower seats, and more.

- A 66,000-square-foot recreation and fitness facility with a class schedule similar to those found at community gyms. SAS goes the extra mile, though, and also offers specialty classes such as an intramural swim league, a modern dance class, and an indoor rowing crew.
- Wellness and health classes and programs such as an Eco-family Challenge (where families record and earn points for earth-friendly activities), Tween/Teen Culinary Camp, sailing lessons, skateboard instruction, daddy-daughter dances, spring gardening workshops, and more.

Significantly, SAS doesn't set out to be the best when it comes to benefits. They set out to be the most creative and innovative software developer around. Jennifer Mann, Vice President of Human Resources, puts it this way: "Creativity is especially important to SAS because software is a product of the mind. Creativity doesn't come on demand. We're all inspired at different times. At SAS, we create a stimulating and flexible work environment, which allows employees to work when they are most innovative and productive. We trust them to do their jobs. From day one, SAS has taken a very organic approach to developing its benefits and programs. We focus on the employee. Benefits happen when there is a need, not because we have a task force or special initiative." Dr. Jim Goodnight, founder of SAS and a software developer himself, is said to have wanted to create a place he would like to come to work every day.

His vision for a great workplace resonates with employees. SAS enjoys a 4 percent turnover rate, as compared to a 20 percent turnover rate in its industry. Employees appreciate the longevity of their coworkers. One says, "I'm a lawyer here, and my job is to protect our intellectual property. I can go get patent registrations, trademark registrations, copyright registrations, but I can't protect what's in our good people's heads. The payback to the company for having a great culture is that we keep good people. They're not hopping

Case Study

from job to job carrying the things they've invented. Plus, we're not always having to retrain people. All of this makes our lives a whole lot easier." Another employee says, "That longevity translates into really strong relationships with our customers in terms of sales, consultation, and tech support. There's this deep-rooted ownership in terms of how the company does as a whole."

Most important, though, employees feel cared for as people. In talking about his delight with the childcare leave that his leader at SAS encouraged him to take, one employee said, "I'll never forget that. It's such a difference from the 'Why did you take a day off?!' that I received at a previous employer. At SAS, leaders seem to understand that I'm going to be here a long time. I've been here ten years, what's two weeks? It seems like a small thing, but for me it was huge."

Dr. Goodnight's overarching philosophy is that "if you treat employees as if they make a difference to the company, they will make a difference to the company." The facilities, benefits, and perks send the message that employees make a difference. At SAS, employees keep coming back.