

HIGHPOINT ASSOCIATES: INSIGHTS

THE VALUE OF GRATITUDE IN THE WORKPLACE

**KAREN BARTH, BOB KAPLAN, &
KRISTINA TOBER**

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The Value of Gratitude in the Workplace

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Human beings are driven by the idea that with success comes happiness. The harder we work, the more successful we'll be, which will ultimately make us happier. We subscribe to this in business too, believing that with hard work comes reward – whether in title, promotion, profitability or financial incentives. If only we could achieve that raise, that promotion, or get that award or new job, we would be happier.

Turns out we have the equation backwards. The truth is a happy, positive brain delivers higher energy levels, intelligence, creativity and more. Long-term happiness is not determined by external factors like money or success. The dynamic works in the other direction: our levels of positivity are largely responsible for how successful we are.ⁱ

Therein lies a core tenant of Positive Psychology. First championed by American Psychological Association President Dr. Martin Seligman in the late 1990s, Positive Psychology looks at what helps people thrive and achieve their potential.ⁱⁱ Seligman defined a new field that moves away from traditional psychology's focus on healing damage, and instead carefully and scientifically examines how and when people flourish. Positive Psychology looks at the factors that make a difference to human functioning, including gratitude, hope and optimism and how a strengths-based approach to human development can improve how people live and work.

"Policies based on Positive Psychology are starting to take hold in leading edge companies for good reason," explains Karen Barth, HighPoint advisor and expert on organizational effectiveness. "This is research-based science that validates the idea that positivity has real impact in business. Data in the field show that positivity has an impressive effect on employee engagement, productivity, creativity and is correlated with high levels of profitability."

Some interesting research findings support this idea:

- When leaders are in a positive mood, their employees are more likely to respond accordingly, practice helping behaviors and coordinate more effectively. CEOs who cultivate personal gratitude tend to be more appreciative of others because their brains have the habit of noticing the good. This appreciation leads to high performance.ⁱⁱⁱ

- Over 80 percent of 2,000 Americans surveyed say they would work harder if their boss were more grateful – unfortunate given that people confessed to being least likely to express gratitude in the workplace. As for receiving gratitude, over 90 percent agreed that a grateful boss is more likely to succeed and gain employee support and only 18 percent agreed a grateful boss could be seen as weak.^{iv}
- Only 25 percent of job success is predicted by IQ. The rest is determined by optimism, social supports, and the ability to see stress as a challenge not a threat.^v
- "Inner work life" impacts creativity, productivity, commitment and collegiality. Workers don't just perform better when they are happy, they generate more ideas.^{vi}
- Happy employees make happy companies. Revenues exceeded an average 20 percent for the 2014 Fortune "100 Best Companies to Work For." And those same companies hired employees at a rate five times the national average, according to the Bureau of Labor Statistics.^{vii}

BUILDING HAPPINESS IN THE WORKPLACE

"It's important to create a business plan, define a mission and values, set objectives, incentive and compensation plans," says Barth. "But often this energy is wasted if a company cannot create a work environment that fosters engagement, that motivates and inspires."

"Too often we underestimate the real value created when companies address their employees as whole beings, paying attention to their mental, physical and emotional health. We know that people want their work to be meaningful, to be given the latitude to do a job well, and to feel like they are making a contribution and making progress toward a greater goal – yet most workplaces tend not to support or promote these characteristics."

GRATITUDE PAYS OFF: EXCELLING AT HAPPINESS

Gratitude is one component of happiness that clearly leads to better results. At the individual level, gratitude makes people better leaders because grateful leaders drive higher productivity by focusing on and appreciating successes. They also encourage others to do the same; the attitude is contagious. Interestingly, expressing gratitude on a regular basis not only improves the well-being and performance of the person on the receiving end, it also has a profound impact on the person who is showing appreciation. Moreover, gratitude can be cultivated at the organizational level by building in rituals of gratitude into organizational culture and systems.

Gallup has surveyed thousands of companies around the world with their 12-question employee engagement survey. They found only 1 in 3 employees agreed with the statement: "In the last seven days, I have received recognition or praise for doing good work." According to the U.S. Department of Labor, the number one reason people leave their jobs is because they "do not feel appreciated."^{viii}

"Employees want to feel like they are making a difference, that their contributions matter," adds Barth. "Recognition and appreciation don't necessarily have to be monetized. Research shows that having work acknowledged and appreciated, particularly in front of peers, can be a great motivator.^{ix} And the opposite is also true."

SOME CASE STUDIES

To illustrate how gratitude can make tangible headway in how an organization and its people perform, we looked at two companies well known to HighPoint, one based in the U.S. and the second based in India with operations in India and the Philippines.

Founded in 1992, the first company is an online health care education provider that brought in a new CEO in 2012. His primary objective was to turn the company into a "best place to work," knowing that the company would only benefit if its employees could become happier and more rewarded in their jobs. His team started by defining a new mission statement and core values, one of which was personal fulfillment. Employees are given challenging work, a viable career path, great compensation and benefits. They promote emotional and physical wellbeing, with a priority on workplace balance and health. More importantly, the CEO has defined a culture of gratitude, with an intentional focus on recognition. He believes it's not just about holiday spot bonuses or quarterly awards, but prioritizing daily, specific accolades in front of peers.

"We subscribe to the idea of 'paying it forward,' explains the CEO. "If I and my management team make gratitude a priority, those behaviors and attitudes will trickle down through the organization."

This approach has had tremendous benefits, according to Kevin Ventrudo, HighPoint's COO. He reports, "In 2015, the company was named among the best places to work in its state and is now listed among Fortune's 5000 fastest growing companies, with 60 percent growth in sales and 80 percent increase in EBITDA in the last year alone."

Our second example, Motif, was founded by two Indian electrical engineers who, after working in Silicon Valley for 10 years, recognized a demand for an offshore services provider who practices similar workplace principles used in successful U.S. companies. Their objective has been to tackle complex customer requirements, providing "intelligent outsourcing" (not commodity work) through deep vertical knowledge and customized tools.

"Rather than treating employees as replaceable cogs in a process – a common approach among outsourcers – Motif prioritizes employees as their most critical asset," explains Bob Kaplan, HighPoint senior advisor and former acting CEO and Board Member of Motif. "Unlike their competitors who are bogged down by high turnover, repetitive work and little innovation, Motif has built a culture that respects and rewards its employees. Every individual in the company feels valued, like their contributions are appreciated and they make a difference."

Each employee, from management to the customer service agents, has the opportunity for promotion from within, continuing education and profit sharing through stock options. The company focuses on open communication and individual respect, with "Motifians" at all levels encouraged to speak up with suggestions for changing work flows and then awarding the best ideas. Employee appreciation is prioritized both informally and formally through institutionalized programs like awards for innovation, performance and consistency, above and beyond awards, and agent praise reports delivered to all employees.

Recently, the company introduced a contest in which employees were asked to submit their personal "Motif story," which would be shared internally, on the company website, as well as in its branding/PR campaign in print and social media. Among the themes shared were life-changing, motivating, inspiring, with the most pervasive being "grateful" – proof that there is so much more to gratitude than financial reward.

Yet the payoff of gratitude in the company is measurable.

Motif has longer-tenured agents who are able to develop significant domain expertise and a positive cycle of innovation. The company has zero debt and has been profitable since its inception. They have never lost a client due to quality. The company continues to receive accolades in its industry and is consistently named a top offshore BPO and ITO company. Motif is a company that shows how grateful employees can translate into grateful customers.

“THANK YOU”

Regardless of cultural norms or geographic location, employees want to feel happy and appreciated at work. Research consistently demonstrates that our brains simply function better in a positive state. Positive Psychology is not just a feel-good initiative but also a scientifically validated approach to improve human functioning and, ultimately, drive company performance. Positivity and gratitude can become part of a leader’s style and even be hard-wired into corporate culture with powerful results.

Obviously, it takes more than just saying “thank you” to build a positive culture, but it’s certainly a great place to start.

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- i Shawn Achor, Professor, Harvard University and Researcher/Educator on Positive Psychology, “The Happy Secret to Better Work,” TED Talks.
 - ii Martin E.P. Seligman, *Learned Optimism: How to Change Your Mind and Your Life*, New York, NY: Pocket Books, 1991.
 - iii Susan Michie and Janaki Gooty, “Values, Emotions, and Authenticity: Will the Real Leader Please Stand Up?” *The Leadership Quarterly*, June 30, 2005.
 - iv Gratitude Survey conducted for the John Templeton Foundation, June- October 2012, report by Janice Kaplan. http://greatergood.berkeley.edu/article/item/how_grateful_are_americans
 - v Shawn Achor, Professor, Harvard University and Researcher/Educator on Positive Psychology, “The Happy Secret to Better Work,” TED Talks.
 - vi Theresa Amabile and Steve Kramer, “Do Happier People Work Harder?” *The New York Times*, September 3, 2011.
 - vii Meghan M. Biro, “Happy Employees = Hefty Profits,” *Forbes*, January 19, 2014. <http://www.forbes.com/sites/meghanbiro/2014/01/19/happy-employees-hefty-profits/>
 - viii Tom Rath and Donald O. Clifton, “The Power of Praise and Recognition,” *Business Journal*, July 8, 2004. Gallup.com <http://gallup.com/businessjournal/12157/power-praise-recognition.aspx>
 - ix Janice Kaplan, *The Gratitude Diaries*, Dutton; Book Club Edition, August 18, 2015.

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KAREN BARTH has twenty-five years of experience consulting to senior executives across industries including healthcare, consumer products, retailing, social ventures and not-for-profits, in the United States, Europe and the Middle East. She helps develop growth strategies built on a deep understanding of customers and markets. Karen has expertise in driving change and successful strategy implementation. She also works with senior leaders and their teams on leadership development, organizational effectiveness and performance management. Karen spent 10 years at McKinsey and Company where she was a specialist in change management and innovation. She has an MBA from the Harvard Business School.

BOB KAPLAN has over 30 years of experience as a senior executive and management consultant. He currently counsels CEOs and other senior executives on strategy, IT and organizational issues. Bob has held senior executive positions such as acting CEO and acting CIO for multiple companies including: Motif Inc, ITM Software, Netliant, Alibris and Silicon Valley Bank. Bob spent 11 years at McKinsey & Company, where he was a Director in the San Francisco and Silicon Valley offices, and a Leader of the IT and Systems

Practice. Prior to joining McKinsey, Bob was the Managing Partner of the San Francisco office of The Boston Consulting Group. He also worked at Peat, Marwick, Mitchell & Co. (now KPMG) as a Systems Consultant. From 2005-2007, Bob was a member of the Technology Advisory Peer Group for the State of California. This group of private sector executives provided advice and counsel to the state CIO as part of the Governor's Information Technology Consolidation and Realignment Initiative. Bob holds an MBA from the Stanford Graduate School of Business and a BA from Yale University.

KRISTINA TOBER is a communications consultant with over 21 years of experience. After working at The Wyatt Company, Kristina supervised and executed all areas of corporate communications for Helene Curtis, Inc., with an emphasis on investor relations, employee communications, and executive speechwriting. She also served key agency accounts at Ogilvy Public Relations Worldwide, providing communications strategy development and implementation, labor relations, and investor relations. More recently, Kristina has served a variety of clients on a freelance basis with an emphasis on copywriting and website content development. Kristina holds a BA from St. Olaf College.

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