

OVERALL SATISFACTION: WHAT IS IT WORTH?

How satisfied are you with your company as a place to work?

Why is it important to be satisfied with your company? People who are satisfied with their companies are proud, are more likely to stay, and are advocates of their companies as places to work *and* of their products and services.

Overall satisfaction with one's company is one of the outcomes Gallup's Q¹² survey helps to predict. People who are extremely satisfied with their companies tend to do many extra things that positively influence their workgroups' performance. Overall satisfaction relates to other outcomes such as retention, productivity, profitability, and, to varying degrees, customer engagement.

It is well-documented in the academic literature that overall satisfaction is — even as a single-item measure — stable over time. This stability likely results from an accumulation of daily events that create a general impression of a company.

Why is it important to be satisfied with your company? Gallup knows that people who are satisfied with their companies are proud, are more likely to stay, and are advocates of their companies as places to work *and* of their products and services.

Engagement relates to satisfaction and loyalty, but it also explains unique information related to how individuals perceive their daily work life within their workgroups. The Q¹² provides a definition of “employee engagement” and defines the actionable pieces of engagement.

The two Q¹² items most consistently related to satisfaction with one's company are mission/purpose (Q08) and opinions count (Q07). The least related Q¹² item to satisfaction is best friend (Q10). The mission/purpose item is connected to a larger entity, and the best friend item is connected to something more local. Both are essential to team and organizational performance.

HOW TO INTERPRET A SATISFACTION SCORE IN RELATION TO A GRANDMEAN SCORE

If a workgroup has high satisfaction but a low GrandMean score, it has individuals who are connected to the company but not getting their needs met in their local workgroup. (A GrandMean score is the average of the Q¹² items on a 5-point scale.) They may be proud of what the company stands for or what it produces or proud of the company's reputation. Eventually, though, if their local environment does not change, or if they do not receive other opportunities in the company to learn and grow, they may leave. These people may stay with the job longer because of their satisfaction with or loyalty to the company. However, they are probably looking for other opportunities outside the organization.

If a workgroup has a high GrandMean score but low satisfaction with the company, it has people who feel disconnected with the company's purpose or who are not necessarily proud of the company or its reputation. These individuals, however, feel connected to and are developing within their local environment, probably because of a great supervisor. While the individuals in this workgroup may have had negative past experiences and will need an accumulation of positive experiences before their perceptions of the company will change, they have great potential to become satisfied.

As the two examples illustrate, engagement can lead to satisfaction with a company, but it is unlikely that satisfaction with a company will lead to engagement. In fact, Gallup's longitudinal data so far support this theory: Engagement predicts satisfaction at a higher level than satisfaction predicts engagement. Engagement is a function of specific management behaviors; satisfaction is an accumulation of many experiences over time.

Q¹²® ELEMENT: Q01

I know what is expected of me at work.

Clarity of expectation — perhaps the most basic of employee needs in the workplace — is critical to performance. Yet approximately half of American workers are unclear about what they are supposed to do at work.

Because so much of an enterprise's efficiency depends on the seamless combination of personal responsibilities, the First Element of Great Managing is job clarity. When Gallup researchers went in search of questions most predictive of performance, one of the most straightforward turned out to be one of the most powerful: "I know what is expected of me at work." Groups that have high scores on this item are more productive, more profitable, even more creative. Substantial gains on the First Element alone often correlate with productivity gains of five to ten percent, thousands more happy customers and 10 to 20 percent fewer on-the-job accidents.

One electric utility solicits cost-reduction ideas from its employees, much like the suggestion boxes at many businesses. Of those recommendations implemented, the average idea adopted from its less engaged workers saves the company \$4,000. The average idea from the most committed employees saves \$11,000. Clearly the more engaged people put more brainpower into helping their business. Of the 12 Elements, knowing what's expected plays the largest role in generating money-saving strategies at the utility.

For a manager trying to achieve positive answers from her team, the First Element is the easiest of the 12 — but it's still not that easy. On average, nearly six out of 10 of the employees in the international database "strongly agree" with the statement. The numbers are not impressively high even in stereotypically well-defined roles such as security personnel, sales, truck drivers, registered nurses, or production staff, where the figure ranges from just over half to almost two-thirds. The number drops to four in 10 for those in scientific, technical, and computer-related jobs. And it's amazingly common to find individuals making

large salaries who will confide, "I really don't know what I'm supposed to be doing here."

The greatest pitfall of this element is that managers assume the simplicity of the statement means the issue requires only a basic solution: "If people don't know what's expected, I'll just tell them." This is analogous to American tourists who, not knowing the local language, speak English more slowly and loudly. And it's just as ineffective.

"Knowing what's expected" is more than a job description. It's a detailed understanding of how what one person is supposed to do fits in with what everyone else is supposed to do, and how those expectations change when circumstances change. A good team, some say, is a lot like a great jazz band in which each player listens to the other instruments as he plays his own. The better they pay attention to the rest of the band and work their way into the music, the better the result.

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This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.

Q¹²® ELEMENT: Q02

I have the materials and equipment I need to do my work right.

When managers ask employees to accomplish a goal but do not provide them with the necessary resources, credibility is lost. Great managers discover the needs of each person in relation to the outcomes they are attempting to achieve and position resources accordingly. One of the strongest predictors of customer engagement, this element also predicts employee retention, safety, and productivity.

Those workgroups for which materials and equipment are managed most effectively average higher customer engagement and higher productivity than their peers. They also have significantly better safety records, and their employees are less likely to flee to other organizations. For example, those managers with bottom-quartile Second Element scores average 20 to 40 percent higher employee attrition than top-quartile managers, representing millions of dollars in direct and indirect turnover costs.

In the database, about four in 10 employees strongly agree they have the materials and equipment they need to do their work well. There is wide range on this item; the most engaged workgroups are nearly unanimous in their positive responses to the question, while the least engaged have no one who feels he is well equipped for the job.

The most peculiar wrinkle in the data is that even in highly legislated environments, where nearly identical workgroups are given the same machines, cash registers, office supplies, and tools, the opinions of the employees vary widely.

The secret lies in the involvement, judgment and action of frontline managers. Less-engaged workgroups typically say they were supplied the standard toolkit in a standardized fashion: “Here’s what you get. Make the best of it.” The most engaged employees say their manager made what turned out to be relatively minor accommodations, aggressively petitioned for more expensive tools when the business case was strong, and was generally vigilant in looking for new ways to make his team more effective, without the employees having to harp.

“No one uses pencils anymore, but I use them all the time,” said one editor. “I went to my manager and asked, ‘Could I get a nice electric pencil sharpener?’ And she said, ‘Sure.’ It only cost \$10, but it makes a big difference to me.”

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This summary is a revised excerpt on this Q¹² element from 12: *The Elements of Great Managing*.

Q¹²[®] ELEMENT: Q03

At work, I have the opportunity to do what I do best every day.

The most powerful benefit a manager can provide his or her employees is to place them in jobs that allow them to use the best of their natural selves — their talents — as well as their skills and knowledge in order to build and apply strengths.

Matching a person to the right job, or a job to the right person, is one of the most complicated responsibilities any manager will face. As a consequence, no other element of managing has as much depth as the Third.

The Third Element emerged from the ability of a straightforward statement to predict the performance of a given worker and entire teams: “At work, I have the opportunity to do what I do best every day.” With a front-row seat on their own thoughts and feelings, workers have no trouble assessing this element in their own work lives. But the simplicity of the statement belies the complexity within it. The reasons why this element is so powerful go to the heart of the most recent discoveries about human nature and touch on debates about individuality that stretch back for centuries.

For the manager, the problem begins with a simple question: Who would excel in this assignment? But the more a manager delves into that question, the more it spins off additional puzzles. What makes someone succeed where others fail? Is it something innate, something she learned, or is she just trying harder? Can excellence in a certain role be learned? How fast and how much can people change? Can a job candidate be molded to fit the needs of the position, or is what you see during that first interview what you get? These dilemmas not only get to the heart of human nature; they also stir up a swirl of history, politics, legal constraints, and wishful thinking around philosophies that are often deeply held — and wrong.

To get the most from her team, a manager must help each employee mold his job around the way he works most naturally, maximizing the frequency of optimal experiences

in which he loses herself in the work, is internally motivated, and finds himself naturally gifted. She must also realize that as long as he accomplishes the goals for which he is responsible, without any harm along the way, how he gets there does not matter. Acknowledging one’s greatest natural talents and weaknesses does not mean accepting a narrow set of career possibilities. Rather, it means each employee will succeed in a relatively unique way, applying his own style to the accomplishment.

No other element of managing has as much depth as the Third.

This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.

Q¹²® ELEMENT: Q04

In the last seven days, I have received recognition or praise for doing good work.

One of managers' most frequently asked questions is: "How much recognition does an employee need?" And that is usually followed by: "But can't we give too much recognition?"

Gallup's data reveal that the key to effective recognition is that it is honest and based on outcomes that are measurable. The right answer to "how much recognition" is once every seven days. Once every seven days, all employees should be individually recognized or at least told that they have done a good job or that they have set a record. And you can never give too much recognition if it is honest and deserved.

In the perception of employees generally, praise is painfully absent from most companies and the workgroups within them. Less than four in 10 employees can give a strongly positive answer to the statement, "In the last seven days, I have received recognition or praise for doing good work." At any given company, it's not uncommon to find between one-fifth and one-third of the people disagreeing with the item, as if to say, "Not only have I not received any praise recently; my best efforts are routinely ignored."

Businesses could write off this issue as a collection of sad but irrelevant emotional deficits if reinforcement were not so important to motivation on the job. But it is. The effects on the company begin with intentions to quit: Employees who do not feel adequately recognized are twice as likely to say they will leave their company in the next year. There are even larger consequences for outcomes short of quitting that reflect the energy the employee brings to work each day. Variation in the Fourth Element is responsible for 10- to 20-percent differences in productivity and revenue, and thousands of loyal customers to most large organizations.

In one large health care organization, a difference of 10 percentage points on the recognition statement represented an average difference of 11 percent on patients' evaluations of their experience. In one investment firm, the difference between half of its investment advisors feeling recognized and one-third feeling that way represented an 11 percent difference in revenue — millions of dollars in play.

A large, multi-company analysis puts the average benefit of such a shift in recognition at 6.5 percent greater productivity and 2 percent higher customer engagement, the latter being the most difficult and profitable metric to move, where each percentage point equates to hundreds of millions in sales for a Fortune 500 company.

These linkages hold true, regardless of the type of industry or culture. Some industries, such as manufacturing, and some countries, such as France, are even more prone to low recognition. Such generalities can be misleading if they obscure the fact that one can find managers who charge up their teams with praise in any country and in any industry. However, such managers are the exception. Because of its power, ridiculously low cost and rarity, the Fourth Element is one of the greatest lost opportunities in the business world today.

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Q¹²® ELEMENT: Q05

My supervisor, or someone at work, seems to care about me as a person.

Gallup's research indicates that caring can be translated into the phrase, "Caring means setting each person up for success."

A productive workplace is one in which people feel safe — safe enough to experiment, to challenge, to share information, to support each other, and in which team members are prepared to give the manager and the organization the "benefit of the doubt." None of this can happen if team members do not feel cared about. Relationships are the glue that holds great workplaces together.

One of the crucial questions for a team leader trying to get the most from his people is whether they form a cohesive, cooperative, self-sacrificing, motivated crew — in short, a tribe. Such attitudes are the essence of the Fifth Element of Great Managing. It is measured by an employee's reaction to the statement, "My supervisor, or someone at work, seems to care about me as a person."

The fact that being a great manager requires a special ability to influence emotions makes many supervisors uncomfortable. American industrialist Henry Ford is reputed to have once remarked, "Why is it that I always get the whole person when what I really want is a pair of hands?" It would be easier if teams could restrict their need for bonding to home, church, and neighborhood, but they can't turn off the reflex that easily. Those who see the "cares about me" statement as more worthy of a discussion on *Oprah!* than in the vernacular of a results-driven manager need a deeper understanding of human motivation.

"Social capital makes an organization, or any cooperative group, more than a collection of individuals intent on achieving their own private purposes," wrote authors Don Cohen and Laurence Prusak. "Social capital bridges the space between people. Its characteristic elements and indicators include high levels of trust, robust personal networks and vibrant communities, shared understandings, and a sense of equitable participation in a joint enterprise all things that draw individuals together into a group. This

kind of connection supports collaboration, commitment, ready access to knowledge and talents, and coherent organizational behavior."

These benefits don't flow unless the members of the business units feel someone takes a personal interest in them, a fact that can come as a rude awakening to some managers. "When I first became a manager, I was 22 years old. I was very focused and I was very result-oriented," one manager said in an interview. "I used to give people tasks and I guess I was very rude about them. I'd say, 'See, I need you to do X-Y-Z,' and I would walk off. I had an older lady on my team in so many words tell me that I was a jerk. We had a decent rapport, so I sat down and I said, 'I want to listen. Why do you think I am a jerk?' And she told me, 'Haven't you ever heard of "Good morning," "How's your family?" or "How did your weekend go?"' That left a lasting impression on me and will for the rest of my life."

This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.

Q¹²® ELEMENT: Q06

There is someone at work who encourages my development.

In this case, “development” does not mean “promotion.” It does not mean each team member gets what he or she wants. It means helping individuals find roles or positions that fit their unique combination of skills, knowledge, and talents.

Development requires commitment — from both the manager and the employee. Each employee in the workplace is a unique individual. Each person may need, respond to, or value developmental encouragement differently. Encouraged development starts with an understanding, followed by a commitment.

It is difficult to get traction on any of the other elements without the Sixth. Consider the fairly large group — on average, six in 10 — who cannot strongly agree that neither their manager nor anyone else is looking out for their development. Less than 1 percent of those who have no mentor are able to achieve real engagement with their employer through the strength of the other 11 elements. Conversely, nearly nine out of 10 employees who report having someone at work who encourages their development are classified as “engaged,” while one in 10 are “not engaged” and less than one percent are “actively disengaged.” These statistics indicate that regardless of whether a company’s Web site or personnel department promises it, having a mentor is fundamental, part of the unwritten social contract workers anticipate when they are hired.

Unfortunately, in their eagerness to force the issue universally, many companies create formal “mentoring” programs that try to assign the two people to each other or impose connections that, to be effective, must form naturally. As one Internet commentator complained, “What has been historically an informal, unofficial, voluntary, mutually agreeable, and self-selected interaction between two people has become a program — an institutionalized stratagem for trying to force what probably can only come about naturally — and a staple, if not a commodity, in the bag of tricks toted from client to client by many a consultant.”

A worker’s manager is usually first in line to fulfill this role, but she is not alone. Doctors are often managed by administrators who are not physicians, but look for advice to the chief of surgery or to an approachable, more experienced doctor. Junior reporters may have their writing honed by editors, but they learn

how to track down stories by following more senior reporters. Musicians follow the conductor, but they learn a substantial amount from those who play the same instrument.

Business writer Don Cohen once noticed that a few of the familiar brown United Parcel Service delivery trucks were always parked around 2 p.m. near a park in Massachusetts he often passed. The drivers sat on the nearby benches eating their lunch and talking. Curious, Cohen finally stopped one day to ask if this was just a way to avoid eating alone.

“Yes, they got together to have some company at lunch, but ‘We talk about everything and anything,’ including a lot about work,” wrote Cohen. “Drivers who had worked in town longest could tell newer drivers how to find unmarked streets and addresses and when particular customers were likely to be available to sign for a delivery.

The veterans shared other special knowledge too: which customers wanted packages left in the garage or around the side of a house; when school let out and there were kids to watch for on the street and buses slowing traffic.” The drivers also told the author that they frequently exchanged packages to even out the workload, to help someone get home early or to correct a mistake at the sorting center. Such gatherings may seem a small thing, but given that much of exceptional performance is in the details, and the importance of emulation to human learning, they can be some of the most important venues for creating a results-driven culture.

This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.

Q¹²® ELEMENT: Q07

At work, my opinions seem to count.

Surprisingly, Gallup's extensive research of employee engagement and successful workgroups finds no significant correlation of compensation and bonuses to either productivity or employee engagement. Having "opinions that count" does correlate to these outcomes, however. Managers who value an individual's opinion will receive a higher return than managers who establish a salary or "price" relationship between the employee and the organization.

Team members who give this element high scores feel they have access to channels of communication across different levels or divisions of the organization, and their managers work to maintain those channels. Groups do not function well when team members feel insignificant or irrelevant.

A typical "production and operations management" manual gives plenty of advice on the steps to be timed and formulas to be calculated, but it tends to treat workers as cogs in the machine, whose rate of production can be improved by "behavioral modification in quality control" or through a "behavior-performance-reward-satisfaction sequence." Although there is always a need for expertly designed systems that help maximize production, nearly every system depends to a huge degree on the motivation of the people who run it. That motivation, it turns out, requires workers strongly agree that "At work, my opinions seem to count." This is the Seventh Element of Great Managing.

The mechanism that connects this element with better business performance appears to be a greater sense of responsibility for or psychological ownership of those things over which one has a say. No matter how strong the external incentives, they never seem to measure up to the internal drive of advancing something that is at least partially one's own idea. Nearly half of employees who say their opinion counts at work also feel their current job brings out their most creative ideas. Among those who are neutral or negative on the Seventh Element, only 8 percent feel their creativity is well employed.

In this element as with all 12, many modest, discretionary actions by employees create meaningful differences in the enterprise's metrics. For example, when manufacturing plants in one large organization were ranked by their scores on the "opinions count" statement, those in the

top quartile averaged one in three employees strongly agreeing, while plants in the bottom quartile averaged only one in seven. Accidents later that same year were more than twice as likely to occur in the bottom-quartile plants as they were in the top-quartile plants. On a larger scale, improving the proportion of employees with high Seventh Element scores from one in five to one in three has a substantial impact on customer experience, productivity, employee retention and safety, all of which create, on average, a 6-percent gain in profitability.

Incorporating employee ideas pays back twice. First, the idea itself often is a good one. Second and equally powerful, that the idea comes from the employees themselves makes it much more likely they will be committed to its execution. Welcoming employee opinions also produces greater feelings of inclusion among workers. When the 12 Elements are compared against a number of statements to test perceived racial or gender bias, the "opinions count" statement is most highly correlated with feelings that employees are always treated with respect, that the company treats its workforce fairly.

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Q¹²® ELEMENT: Q08

The mission or purpose of my company makes me feel my job is important.

Employees want to believe in what their employers do. This element measures how much an individual identifies with his or her company's mission and purpose. "The connection I feel between my personal mission and this company makes me want to do more" typifies the view of individuals who score this element highly. Excellent performance occurs when people are deeply attached to a sense of purpose in their lives. This element focuses on maximizing individual and group contributions by appealing to employees' larger sense of purpose and mission.

The Eighth Element of Great Managing is captured by the statement, "The mission or purpose of my company makes me feel my job is important." As with the rest of the 12 Elements, the degree to which a team agrees with this statement is predictive of its performance on a wide array of measures. For instance, business units in the top quartile of Gallup's engagement database on this element average from 5 to 15 percent higher profitability than bottom-quartile units. Mission-driven workgroups suffer 30 to 50 percent fewer accidents, and have 15 to 30 percent lower turnover. Employees who feel connected to the mission of their company are also more likely to report that humor or laughter plays a positive role in their productivity.

The strange thing about the Eighth Element is how extraneous it is to the job itself and the employee's material well-being. The absence of many of the other elements — job clarity, the proper equipment, a match with one's talents, consistent feedback — become real obstacles to actual production. It's easy to see why they are required to get the job done. The same cannot be said for the Eighth Element, which is strictly an emotional need, and a higher-level one at that, as if the employee can't energize himself to do all he could without knowing how his job fits into the grand scheme of things.

The data say that's just what happens. If a job were just a job, it really wouldn't matter where someone worked. A good paycheck, decent benefits, reasonable hours and comfortable

working conditions would be enough. The job would serve its function of putting food on the table and money in the kids' college accounts. But a uniquely human twist occurs after the basic needs are fulfilled. The employee searches for meaning in her vocation. For reasons that transcend the physical needs fulfilled by earning a living, she looks for her contribution to a higher purpose. Something within her looks for something in which to believe.

The data do not indicate that every employee wants his or her job to be filled with cosmic interactions. For many, it will be enough knowing their work helped the company make a better batch of cattle feed, deliver millions of packages on time, or sell a new line of clothing. However, having large proportions of employees who are there just to draw a paycheck and who don't care about the larger purpose of the business can be a tremendous drag on retention, customer attitudes, safety, productivity, and — ultimately — profitability.

For instance, business units in the top quartile of Gallup's engagement database on this element average from 5 to 15 percent higher profitability than bottom-quartile units.

This summary is a revised excerpt on this Q¹² element from 12: *The Elements of Great Managing*.

Q¹²® ELEMENT: Q09

My associates or fellow employees are committed to doing quality work.

This element measures the degree to which an employee feels his or her team is committed to quality. Involved in this element is a keen awareness of work standards and of group members' performances. However, adherence to high standards cannot be forced; it must be developed and arranged by a talented manager. The best managers foster in their teams an environment of honest and complete communication, an understanding of each other's work, and respect for each other's efforts and results.

In an average team, about one in three employees strongly agrees that her associates are committed to doing quality work. But the Ninth Element is highly sensitive to the presence or absence of one or more slackers. When a team perceives one of its members is dragging his feet, the proportion that rates the Ninth Element high drops to only one in five. If a team is free of deadwood, the proportion that strongly agrees with the statement jumps to half of the team, with most of the rest giving positive, although slightly less emphatic, responses.

Responses to this element are remarkably similar across industries and type of job. But like the other 11 elements, it varies dramatically from one team to another. There are plenty of workgroups in which no one feels their fellow employees are committed to quality and those in which everyone on the team perceives a kind of universal allegiance. The consequences apply to more than just pulling rope. At an Australian bank, variation in the Ninth Element accounts for a 14-percent difference in profitability across its many branch offices. For a food manufacturer in Europe, assessments as to whether everyone is doing his part account for a 51-percent range in on-the-job accidents. The many companies' performance data matched to Ninth Element scores show that people who feel part of a solidly committed team are routinely safer, better with customers, less likely to quit, and more productive.

For a manager, the contrast cannot be clearer. Would he rather go easy on the foot-draggers and allow his

team to become disheartened, possibly sidetracked by the powerful emotions of "altruistic punishment," or maintain work standards so the group enjoys the benefits of ever-higher levels of individual investment in the team's accomplishments? Faced with one or more drones, a team has two avenues for relief. They may use various forms of social coercion to correct the behavior, or they must rely on the manager to punish lazy associates.

A less flammable, but still frustrating, situation is created when team members seem to be trying, but just don't have what it takes to perform "quality work." Gallup asked a random sample of United States workers which made them more frustrated: a colleague who tries hard but doesn't have much ability (a bungler), or a colleague who has the ability and doesn't try (a slacker). By a margin of six to one, workers are more upset with a slacker than a bungler. Still, the level of frustration with an incompetent is high, and can drop the level of those strongly agreeing with the Ninth Element question to one in four. Although the heart of many miscast employees may be in the right place, and they therefore may be candidates for different jobs in the same company, they cannot be left in a position where they can't maintain the same levels as the rest of the group.

Continued ...

Q¹²[®] ELEMENT: Q09

A good manager must continually ask herself whether her team tips that maybe-I-will/maybe-I-won't newcomer toward jumping in with both feet. This assessment was among the first questions asked by Nancy Sorrells, the Marriott hotel manager profiled in the first chapter of this book. "Who is the worst employee at this hotel, and how long have they been here?" she asked. Why did she want to know? "Whoever is the lowest sets your standard, no matter what you say to the contrary."

Ninth Element scores show that people who feel part of a solidly committed team are routinely safer, better with customers, less likely to quit, and more productive.

This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.

Q¹²® ELEMENT: Q10

I have a best friend at work.

Gallup's research indicates that workplaces in which employees report having a "best friend" are more efficient than workplaces with fewer best friends. People would rather build bridges than walls around themselves. This element deals with optimizing group contributions by enhancing the quality of relationships between employees in the workplace, in turn nurturing trust and emotional loyalty.

Gallup itself would have dropped the statement if not for one stubborn fact: It predicts performance. Something about a deep sense of affiliation with the people in an employee's team drives him to do positive things for the business he otherwise would not do. Early research that identified the 12 Elements revealed a very different social bond among employees in top performing teams. Subsequent large-scale, multi-company analyses confirmed the Tenth Element is a scientifically salient ingredient in obtaining a number of business-relevant outcomes, including profitability, safety, inventory control, and — most notably — the emotional connection and loyalty of customers to the organization serving them.

Prior to seeing the group's Tenth Element results, a personnel representative from a consumer product company said, "Our policy is to not have close relationships at work. Our executives frown on it." The results showed policy was being flouted with abandon, with close friendships being more prevalent in the business than in the average organization. In the battle between company policy and human nature, human nature always wins. The evidence suggests people will fulfill their social needs, regardless of what is legislated. Companies do far better to harness the power of this kind of social capital than to fight against it. Business units in the top quartile on this element achieve profitability a full percentage point or two higher than that of bottom-quartile, unfriendly environments.

Numerous qualitative studies of employee engagement suggest customers not only sense the level of camaraderie where they shop, but also that it makes a large difference in their experience, if for no reason other than its natural contagiousness. In the service industries, the customer ratings of workgroups with strong Tenth Element levels are 5 to 10 percent higher than those of impersonal or acrimonious

groups, explaining the difference between success and failure in many organizations.

Other connections between the "best friend" statement and business outcomes are less intuitive, at least at first blush. At one electric utility, friendships among team members proved to be responsible for lower accident rates. When the workers were asked for the reason, they said the answer is simple: People look out for their friends. A friend reminds his buddy to put on his hard hat. In the few seconds before a fall might occur, a friend is more likely to spot the hazard and rush to steady the ladder. A friend guards his comrade's safety as much as he does his own, and shudders at the thought of having to ride to his coworker's house to inform his family, whom he probably knows well, that there has been an accident at work. It isn't as though team members want to see accidents occur to those who are not their friends. Rather, where there is not a close bond, it is less likely there will be the level of vigilance that can make the difference between a close call and a mishap. A team that has two-thirds of its members strongly agreeing they have a best friend at work averages 20 percent fewer accidents than a team with only one in three strong on the Tenth Element.

Research on workers in various settings has shown that friends are more likely to invite and share candid information, suggestions, and opinions, and to accept them without feeling threatened. Friends tolerate disagreements better than do those who are not friends. The good feelings friends share make them more likely to cheer each other on. Friends are more committed to the goals of the group and work harder, regardless of the type of task. Group members who identify most closely with the team are more likely to monitor its performance against the goal.

This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.

Q¹²® ELEMENT: Q11

In the last six months, someone at work has talked to me about my progress.

Each employee excels in at least one area. Too often, managers prefer to focus on areas that need improvement instead of areas of excellence. Gallup's research shows that greater gains are made by building on talent, as opposed to trying to improve weaknesses. When both the manager and the employee identify a task at which the employee truly excels, they can work together to create a development plan that supports the individual's full learning potential, positioning the employee to make his or her greatest contribution to the organization.

For all the complexity of performance appraisals — the balanced scorecards, the 360-degree feedback, the self-evaluations and forced grading systems — the statement that shows the best connection between perceptions of evaluations and actual employee performance is remarkably simple: “In the last six months, someone at work has talked to me about my progress.” The statement does not specify that the discussion be an official review, but an appraisal can be one ingredient in creating the requisite feedback. The two are related, but not synonymous. More important to the employee and to the business is that he understands how he is doing, how it is being perceived, and where his work is leading. In some ways, this statement is a long-term complement to the Fourth Element of managing, which focuses on more immediate “recognition and praise.”

There is nothing wrong with a formal evaluation process per se, and much to recommend it. Roughly seven in 10 working Americans say their company has a formal performance review process. The odds of creating high engagement are better, but far from perfect, in businesses with a formal process. The deadlines, the forms and the threat of Personnel or a boss coming after them appear to force the issue with front-line managers, making many have a progress meeting with employees where none would have taken place otherwise (serendipitous encounters in the men's room notwithstanding). Companies that implement or tighten appraisal procedures typically see an increase in the Eleventh Element from poor to modest levels, but they never achieve high levels on the strength of appraisals alone.

Four out of five employees whose companies have a formal review system feel it is fair. However, these perceptions are strongly affected by what happens between the appraisals. The proportion feeling the system is fair drops to two-thirds if they feel no one has talked to them about their progress. Conversely, if a manager can maintain a strong, regular discussion of progress, nine in 10 workers will consider the review system fair.

The consequences on either end of the scale are important. Where a manager is regularly checking in with an employee, she is more likely to consider herself properly compensated for her work, more likely to plan on staying with the company, and more than twice as likely to recommend the company to others as a great place to work.

Continued ...

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Q¹²® ELEMENT: Q11

When compared with business results, the Eleventh Element turns out to be particularly powerful in driving productivity and safety. Business units in the top quartile on this element realize 10 to 15 percent higher productivity and 20 to 40 percent fewer accidents than bottom-quartile business units. Yet less than half of employees in the global database strongly agree that someone talked with them about their progress in the last six months. Even among executives and senior managers, more than two-fifths do not strongly agree that someone has talked to them about their progress in the last six months.

On a purely functional level, an employee appraisal is quite simple. Observe her progress over the course of the year, record it carefully on the company-supplied form, inform her at the required interval of the results, and expect her to make the necessary corrections to improve next time around. If only she were a machine, the program would work perfectly. In practice, a good performance evaluation is a form of interpersonal art that requires managerial talent and careful preparation. Whether the employee feels she has a voice in the process — the Seventh Element of “my opinion counts” applies here as much as it does anywhere else — is even more crucial than the functional aspects of her participation. A manager must maintain a delicate balance between giving candid, objective feedback and not crushing the employee’s spirit and confidence. The research indicates that positive feedback charges up a worker, but negative comments sap the job of some of its intrinsic motivation. Comments from peers or subordinates must be interpreted carefully, filtered of grudges, jealousy, and erroneous observations. A good

reviewer needs to avoid the natural inclination to give too much weight to the outcome regardless of whether the employee did the right thing to get there or just got lucky.

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This summary is a revised excerpt on this Q¹² element from 12: *The Elements of Great Managing*.

Q¹²® ELEMENT: Q12

This last year, I have had opportunities at work to learn and grow.

The need to learn and grow is a natural human instinct. This element measures the degree to which an employee feels he or she is given opportunities to learn and grow. One way employees can learn and grow is to find more efficient ways to do their jobs. The best managers know an organization's growth depends on employees' capacity to learn and grow. The best teams are never quite satisfied with current ways of doing things. They always strive to find better, more efficient ways to work. Where there is growth, there is innovation.

For many people, it is progress that distinguishes a career from employment that is “just a job.” Employees who have an opportunity to learn and grow at work are twice as likely as those on the other end of the scale to say they will spend their career with their company.

“The fullest representations of humanity show people to be curious, vital, and self-motivated,” wrote University of Rochester professors Richard Ryan and Edward Deci. “At their best, they are (self-directed) and inspired, striving to learn; extend themselves; master new skills; and apply their talents responsibly. That most people show considerable effort, agency and commitment in their lives appears, in fact, to be more normative than exceptional, suggesting some very positive and persistent features of human nature.”

Because each person is unique in her talents, strengths, situation, hopes, and personality, it is incumbent upon the employee and her manager to chart her future progress. Whatever those decisions — whether they include formal training, a mentor, chances to assume new responsibilities or simply informal opportunities to learn the nuances of a job — it is imperative they create that feeling of personal improvement.

When employees feel they are learning and growing, they work harder and more efficiently. This element, while linked to nearly every important outcome Gallup has studied, has a particularly strong connection to customer engagement and profitability. On average, business units in the top quartile on the Twelfth Element surpass their bottom-quartile

counterparts by 9 percent on customer engagement and loyalty measures, and by 10 percent on profitability. These superior customer relationships and profits may occur because employees who are learning and genuinely interested in their work have better ideas — which is another demonstrated correlation to the Twelfth Element.

The importance of the learning and growing may be best appreciated when they are not there, when — as Seuss called them — “Bang-ups” and “Hang-ups” leave a person stalled short of his goal. Something about human nature hates to be stuck in one place. During the commute to work, a driver's level of frustration has less to do with the amount of time it takes than with how frequently she ends up just sitting in traffic. The same is true once she arrives at the office. Getting stuck in one place — George Orwell called it being “smothered under drudgery” — is as unnatural for adults as it is for children.

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