

# Creating Trust: It's Worth the Effort

a Great Place to Work® whitepaper

## **Abstract:**

Creating trust can appear to be a daunting task, especially in the workplace where multiple responsibilities call for significant attention and leaders have a limited amount of time to devote to each of their activities. However if one activity, successfully accomplished, could be proven to make all other tasks significantly easier then it would be worth the effort to focus on that one. Building trust in relationships with employees is that one task.

In this paper we present strong evidence of the positive long-term business success achieved as a direct result of the high levels of trust that have been created in the relationships between employees and management within the 100 Best Companies to Work For in America. Comparisons with a group of companies displaying lower levels of trust affirms the positive contributions that the effort to create a trusting environment makes to the overall financial success of these organizations in which leaders are credible, employees are respected and policies and practices are characterized by fairness.

Employees in high-trust workplaces show higher levels of cooperation within their teams and across departments and divisions, as well as higher levels of commitment to their own work, the work of the organization and to the vision of the organization's leaders. The quality of the workplace culture that has been created leads to the creation of highly successful organizations that reap multiple benefits.

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## Great Workplaces

A great workplace is worth the search for an employee looking for work. It's also worth the search for an investor looking to find a company that produces positive, sustainable long-term financial success. And for a leader, a great workplace is worth the effort, or the journey, for leaders are the ones who initiate and sustain the creation of great workplaces.

We often hear from employees in the Best Companies that their colleagues and immediate managers are very important to creating the special circumstances in which they find themselves. Yet their leaders are seen as the ones who embody the values and commitment that make the difference in the quality of the workplace experience. Many people can tell stories of other places they've worked where leaders did not pay as much attention to the overall quality of the culture or the unique elements that take a workplace beyond good to truly great. Colleagues and managers help, and camaraderie can be built up among co-workers, yet without the guidance – and leadership – from senior executives, the overall culture never rises to greatness.

For the past eleven years our organization, the Great Place to Work® Institute, Inc. has collaborated with Fortune magazine to produce the 100 Best Companies to Work For list that appears every January; as well as the Best Small and Medium Companies to Work For list produced every June with SHRM, and Best Workplaces lists in 31 other countries around the world. Prior to our project with Fortune we produced two books – with Robert Levering and Milton Moskowitz as co-authors – with the same title, in 1984 and again in 1993. So, for almost 25 years now we have been listening to employees in great workplaces as they tell us; “This is a great place to work because...”

Creating a culture in which employees can say, “this place is great” requires that leaders and managers throughout an organization base their relationships with employees in actions that promote and develop trust. Leaders in particular need to reinforce the culture by communicating to people about the long-term benefits of creating an organization culture that is based in trust. Consistency between the communication and actions of leaders develops their credibility in the eyes of employees.

In a great organization the development of trust also needs to go beyond the leaders at the top and be reinforced in the daily interactions among people throughout the organization. Managers who are treated with respect by senior leaders will in turn be able to share that respect with employees by supporting their professional development, soliciting their ideas and caring for them as human beings. The practice of fairness – as seen in efforts to promote pay equity, fair hiring practices, and justice regardless of personal characteristics – is also fundamental to insuring that trust will flourish in an organization's culture. In the Best Companies that make our lists we are always able to find a deep expression of the workplace culture in the actions of leaders and managers throughout the organization.

The benefits that come from a high level of trust include a spirit of cooperation that is ever present in great workplaces along with a deep sense of commitment to the mission, vision and values of the organization. Cooperation and commitment play out in people's daily actions and their willingness to contribute to the long-term success of the organization. Evidence for this comes not only from the employee survey data that we collect, but also from our analysis of financial performance data.

Great workplaces, with high levels of trust, cooperation and commitment, outperform their peers and experience as a group:

- stronger long term financial performance
- lower turnover relative to their industry peers
- more job applications than their peers
- an integrated workforce in which diverse groups of people create and contribute to a common workplace culture of benefit to all

There is a singular role that leaders play in securing employee commitment to their vision for the future. Leaders in great workplaces are actively involved in communicating their ideas, answering questions and engaging

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in discussion to insure that employees are knowledgeable about the direction of the organization and thus able to make a clear, strong commitment to the future. Leaders also serve as role models of cooperation through their own actions. Their visible cooperation with others confirms the strategic importance of cooperative work for the implementation and attainment of the company's vision. These are people strategies at their best, and of course that's what we find and document in the Best Companies – trust, cooperation and commitment creating a great workplace at the top of its game.

### Financial Performance

There are many benefits that come to great workplaces, with one of the most immediately obvious being sustained financial success over time. Over the years we have collected general information that confirms this, as well as anecdotal stories, academic research and case studies. Lower voluntary turnover, higher numbers of job applicants, greater collaboration, and confidence in management's leadership abilities all contribute to the creativity, innovation, customer service and reputation that support the long term financial stability and success of great workplaces.

Compelling evidence of the financial success of great workplaces comes from a number of sources<sup>1</sup>. The longest running study - an annual analysis completed by the Russell Investment Group - documents the financial performance of a hypothetical portfolio of publicly traded 100 Best Companies compared with the S&P 500, and the Russell 3000. The "Fortune 100 Best vs. Stock Market 1998-2007" graph (Figure 1) compares the performance of two portfolios of 100 Best Companies from 1998 through 2007, with the S&P 500 and Russell 3000.

As you can see from the evidence, over time, the 100 Best as a group have consistently produced higher levels of financial return than the two comparison groups. Why is this? Many theories abound. Ours is quite straightforward. A high level of trust helps people to cooperate more successfully with each other and to commit to the vision and future direction of the overall organization that they belong to.

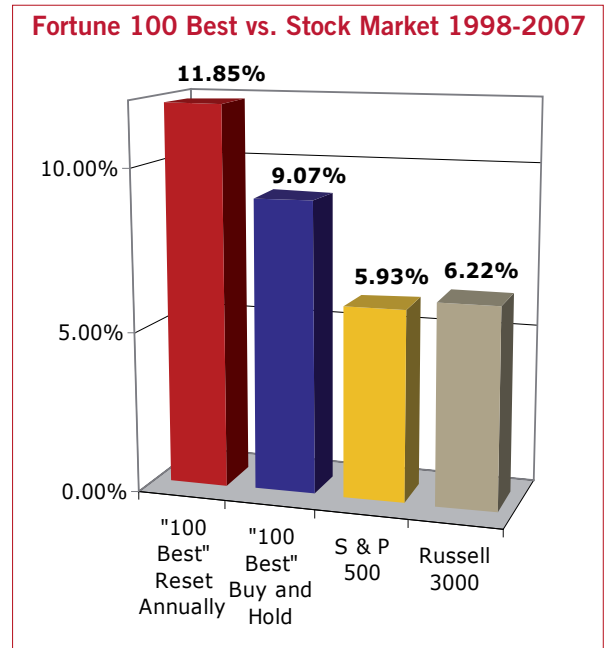


Figure 1

Data Source: Russell Investment Group<sup>2</sup>

## Trust, Cooperation and Commitment

Our analysis of the Great Place to Work® Trust Index® survey responses from employees in the 100 Best Companies points to a number of key areas that differentiate their workplace experiences from those of employees in the Best Companies applicant pool. Specifically, among the 100 Best, there are higher levels of Trust between employees and management, greater Cooperation across and within teams and stronger Commitment expressed by employees to their work and the organization as a whole. These response patterns point to unique qualities in the workplace culture and relationships that exist within the 100 Best Companies – qualities that are driven by particular strengths within the Trust dimensions of the Great Place to Work® Model® (Credibility, Respect and Fairness).

The "2004-2008 Average Trust, Cooperation, Commitment and Great Place to Work® " graph (Figure 2) presents the overall Trust average, and shows the relationships between Trust, Cooperation, Commitment and the response to the final survey statement, for the 100 Best Companies and the applicant pool from 2004-2008<sup>3,4</sup>.

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When talking about the impact that higher levels of Trust, Cooperation and Commitment can have on the success of a business, we often ask managers and leaders to consider the numbers in this graph (or their own custom graph) to be a representation of groups of 100 employees in their organizations. The questions we pose for people to consider include:

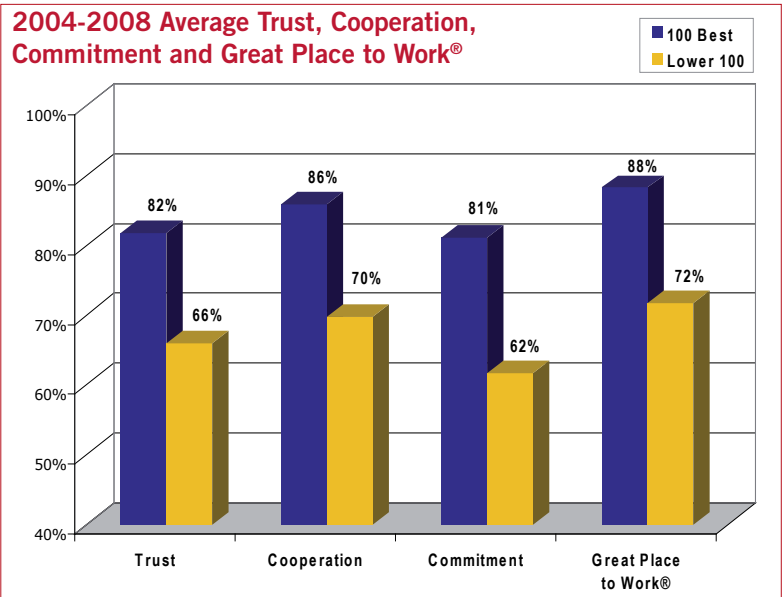
- Imagine what you could do if you had 80 out of 100 employees in your organization who often or almost always look forward to coming to work every day.
- How much more effective would your workforce be if 86 out of 100 employees knew that often or almost always people were willing to give extra to get the job done?
- What could you do as a manager if 86 out of 100 people in your department believed that they could count on each other to cooperate?
- How much more successful would you be as a leader if you knew that 80 out of 100 of your employees experienced a strong sense of togetherness on a regular basis?
- How much stronger would your organization be if 82 out of 100 of your employees experienced a high level of Trust with their managers on a daily basis?

The discussions that result from these questions are often insightful, covering both the dilemmas companies face when Trust, Cooperation and Commitment are low, and the incredible opportunities awaiting companies that are able to develop high levels of trust and the cooperation and commitment that follow.

The graph in the following section stirs things up even more as it is the financial results that go along with the differences in Trust, Cooperation and Commitment that open the eyes of even the most skeptical.

### Financial Impact of Trust, Cooperation and Commitment

High trust organizations are better financial performers. We've been saying this for the past 25 years, and numerous other researchers and consultants have been saying this as well. High trust brings with it a fluidity to collaboration and idea-sharing, a confidence in management's vision for the future, and a belief in the fundamental fairness with which people will be treated that all contribute to the successful coordination of activities and output that make an enterprise successful.



**Figure 2**

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The “Financial Results 2004-2008 100 Best and 100 Lower” graph (Figure 3) compares the financial performance of the 100 Best Companies relative to the performance of the 100 Lower Trust Companies in the Best Companies applicant pool from 2004-2008. The applicant pool does represent a self-selected group of companies that are interested in the 100 Best list selection process, and presumably are also interested in creating a great workplace in which high levels of trust exist between employees and management. Our analysis of the survey results of the two groups confirms that they represent two distinct populations of companies with distinct levels of trust<sup>5</sup>. Our analysis of the financial results affirms that over the long-term, a high trust culture provides a significant competitive advantage to an organization.<sup>6</sup>

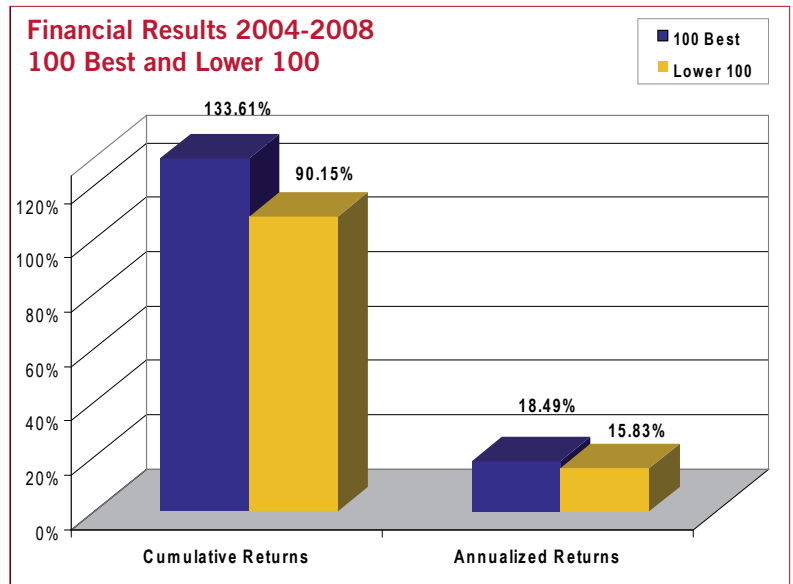


Figure 3

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## Components of Trust

We have always believed that high levels of trust will lead to high levels of cooperation among employees and across work groups, and to high levels of commitment to an individual's work and the organization as a whole. The evidence presented in the previous section affirms that higher levels of trust come with higher levels of cooperation and commitment, which in turn bring with them a higher level of long-term financial success. All around it is a powerful story!

The 100 Lower Trust Companies are all good workplaces. They represent successful organizations in which leaders have made a commitment to creating a great workplace, yet they haven't reached '100 Best' status. The positive response from employees indicating that often or almost always they experience their workplace as great (71% of them indicating this) is far above the responses received in other national surveys of employers in which we are lucky to see 35-40% of employees saying that their workplace is great.

So what is it that is happening at the Best Companies that provides them with such a critical boost in Trust, Cooperation and Commitment?

In the 100 Best Companies, employees are more likely to experience effective two-way communication, see management as competent and believe that managers and leaders are reliable and act with integrity. In particular, management's ability to deliver on promises and act in ways that are consistent with what they have said shows a 34% boost in positive response from employees at the 100 Best Companies relative to those in the 100 Lower Trust group.

Best Company employees also indicate that they are involved in collaborative decision-making activities to a much greater degree than are employees in the applicant pool companies. Employees often are invited in to decision-making activities or have their ideas solicited by managers – and responded to sincerely.

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What's the evidence? A 33% higher level of positive response to statements indicating that employees feel they are involved in decisions that affect how they get their work done and that their ideas are genuinely sought out. What's the benefit? Employees become engaged in their work, share their bright ideas, collaborate with each other, and invest themselves in their work. All because they are invited in to the decision making process, rather than told to just "do your job".

Applicant pool companies are no slouches in terms of seeking collaboration as their employees do provide evidence that managers and leaders in these companies are making the effort to be open to questions and provide clear answers. Among the 100 Lower Trust Companies just under two-thirds of employees believe their ideas are genuinely solicited and responded to while slightly over half of the employees find themselves involved in collaborative decision making. Relative to employees at the Best Companies – where close to three quarters of employees have these experiences – there is clearly room for improvement though.

At Best Companies, employees also develop a deeply rooted set of beliefs that they will be treated fairly during critical decision making times involving pay, promotions, job assignments, and the handling of grievances. These Fairness markers provide tremendous benefits to companies looking for employees to make long term commitments to their organizations, as it is through a sense that one can be successful over the long term within a group that ones personal investment in and commitment to the group deepens.

One of the greatest differences between employees in the 100 Best Companies relative to those in the applicant pool emerged on one of the statements assessing employees' sense of the equity with which they are treated. Over two-thirds of employees at the Best Companies believe that they receive a fair share of the profits made by their organizations compared with fewer than half of the employees among the 100 Lower Trust Companies of the applicant pool. Nearly every company that applies for the list offers some form of profit-sharing – every company - whether it's through contributions to the 401k, stock purchase plans, profit sharing checks, gain-sharing programs or other mechanisms. So the issue isn't whether there is a plan to share profits or not – the issue that makes a difference for employees is their sense that they are receiving a fair share of the profits.

Another area of notable difference between the 100 Best and the applicants concerns employees' views on the fairness of the promotion process. Among the Best, 71% of employees believe that promotions go to those who best deserve them while 52% hold that same belief among the 100 Lower Trust Companies of the applicant pool.

What is interesting to note here is that the item of interest to employees – based on our years of research and employee interviews – is a concern with the overall fairness of the promotion process – not their particular promotion history. Employees have often explained that if people believe the system is fair for everyone – if they can see that and hear stories about it – then they know that when their turn comes, they have a pretty good shot at being treated fairly. Employees can enter the promotion "competition" with more confidence and less anxiety about the outcome – knowing that the best likelihood is that they'll be treated fairly.

Using the analogy shared earlier, and thinking in terms of groups of 100 employees, we can understand the magnitude of the difference here. At a 100 Best Company, 71 out of 100 employees believe that often, or almost always, promotions go to those who best deserve them. At a company in the 100 Lower Trust group, 52 out of 100 employees hold that belief. So there are 19 more employees out of 100 at a Best Company who are having an experience that gives them a sense that the playing field is level – and that they will be treated fairly. And, if the total employee population at the two hypothetical companies in this comparison is 5000 – then the 100 Best Company actually has 950 more employees who believe they are likely to be treated fairly during the promotion process than does the company in the lower third of the applicant pool. Where will you find the more highly committed employees?

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## Benefits Galore

No, not the perks kind of benefits, or HR benefits. Benefits galore here refers to the additional benefits that come to great workplaces that have developed high levels of trust and strong reputations as premier employers. These benefits, that come back to the organization in the form of lower costs for basic business functions, or a higher return on an item like training and development, contribute to the overall quality of the workplace and the competitiveness of the company.

### Voluntary Turnover

Employee turnover is expensive. There are the hard costs of hiring a temp worker to fill the empty slot, advertising, interviewing, and training. And then there are the harder to calculate costs of lost knowledge that the person who left takes with her, the work flow costs associated with the network of relationships and information sources that are broken when someone departs, and the reputation questions that may arise if a key employee decides to leave. If you can create a culture that reduces employee turnover then both the hard and harder to calculate costs can be minimized, leaving more money to spend on value-add services and projects, and more knowledge and expertise in your own business rather than in someone else's. We have often calculated the employee turnover of the 100 Best and compared those results with industry average data provided by the Bureau of Labor Statistics. And the 100 Best always show that as a group and within their industries they have lower levels of turnover than companies in their industries.

But what's the case when the 100 Best are compared with the 100 Lower Trust Companies in the applicant pool. Our hypothesis was that the turnover figures would be much closer to each other as the 100 Lower Trust Companies are all good companies who have indicated to some degree their interest in creating a strong trust-based culture for their employees, simply by the fact that they have applied for the 100 Best list. Many of them have applied for a number of years, and some of them have been on the list in the past and are working their way back to a spot on the list.

We found in general that the 100 Best as a group do experience lower voluntary turnover than the 100 Lower Trust Companies – for all companies across all industries. And the 100 Lower Trust Companies do show a distinct advantage compared to the general population of companies as represented by the BLS “Quit” data for 2006 and 2007 (See Figure 4).

### Voluntary Turnover among Full Time Employees in the 100 Best and 100 Lower Trust groups <sup>8</sup>

	100 Best	100 Lower	BLS Data
2007 list (2006 data)	12.06%	13.97%	23.4%
2008 list (2007 data)	11.21%	13.68%	22.6%

Figure 4

### Job Applications

Another area in which we have seen that Best Companies often exceed their peers is in the volume of job applications received by these companies once they are recognized as a great workplace. We have heard numerous times from companies that show up on the 100 Best list that they can be inundated in the weeks following the list announcement with unsolicited resumes from people wanting to work at a great place. This seems to be a clear marker of the interest of many employees in the overall quality of the workplace culture, and of their willingness to consider switching employers if they can find a position at a great workplace.

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Many of the Best Companies have developed unique recruiting operations to handle the abundance of resumes that flow their way, especially once the 100 Best List has been made public in Fortune magazine.

Recruiters pay particular attention to finding new employees who show an interest in learning about the company's history and its values as this is seen as one way to insure a continuation of the strong culture that has already been built. Also, numerous companies involve current employees in the process of determining whether a potential employee will be a good cultural fit by including them in the interview process.

At Google, hiring is an art form that is consistent with their culture and the approach they take to many of their employee focused practices.<sup>9</sup>

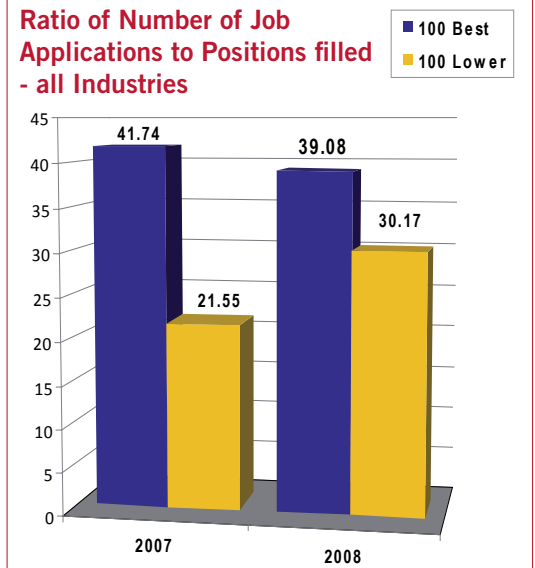


Figure 5<sup>8</sup> ©2008 Great Place to Work® Institute, Inc. All Rights Reserved

## Hiring at GOOGLE: Philosophy, Principles and Practice Guidelines

We hire people who are great at what they do and interesting to work with. For such a lofty goal, our strategy is pretty down-to-earth. We believe that the best ideas surface when people who think differently from each other start talking together. Diverse backgrounds help us understand problems from a different perspective and discover unique solutions.

Google's hiring principles, written by our co-founders and referred to by our recruiters, are simple but very effective:

- **Hire** individual candidates consistent with our Hiring Do's and Don'ts (below).
- **Hire** individual candidates who have interests and activities that 'jump off the page' and make you want to talk to them.
- **Hire** leaders and potential leaders who have a proven willingness to 'roll up their sleeves' and get things done.
- Avoid hiring specialists with narrow capabilities; instead **hire** generalists with relevant experience and capacity to learn.
- **Hire** people into roles that they have a clear potential to outgrow.
- Don't **hire** people with urgency. Good hires take time.

### Google's Hiring Do's and Don'ts

**Hire** people who are smarter and more knowledgeable than you are;  
 Don't **hire** people you can't learn from or be challenged by.  
**Hire** people who will add value to the product AND our culture;  
 Don't **hire** people who won't contribute well to both.  
**Hire** people who will get things done;  
 Don't **hire** people who just think about problems.  
**Hire** people who are enthusiastic, self-motivated, and passionate;  
 Don't **hire** people who just want a job.  
**Hire** people who inspire and work well with others;

Don't **hire** people who prefer to work alone.  
**Hire** people who will grow with your team and with the company;  
 Don't **hire** people with narrow skill sets or interests.  
**Hire** people who are well-rounded with unique interests and talents  
 Don't **hire** people who only live to work.  
**Hire** people who are ethical and who communicate openly;  
 Don't **hire** people who are political or manipulative.  
**Hire** only when you've found a great candidate;  
 Don't settle for anything less...

Figure 6

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## Creating an Inclusive Culture

A number of studies during the past few years have looked at societal responses to diversity, the creation of an inclusive culture, and the most successful ways of approaching inclusion in the workplace and in communities. One study, authored by Robert Putnam<sup>10</sup>, received a great deal of attention in the press for one of its 'half-way' conclusions. I say half-way, as the conclusion reflected the ways in which people can initially respond to increased ethnic diversity by 'hunkering down', as Putnam put it. That is, when people are initially exposed to demographic shifts that bring them into more frequent contact with people who they believe to be ethnically different from them, they can do a number of things that look like they are closing ranks, seeking easy similarity in their friends or associates, or simply shutting themselves inside with a small group of family, friends, and neighbors with whom they are familiar and comfortable.

Yet in the study itself, Putnam provided the other 'half' of this conclusion in which he firmly states his belief that diversity is inevitable, desirable, and beneficial. He states, " Ethnic diversity is, on balance, an important social asset, as the history of my own country demonstrates."p.138

Among Best Companies, diversity has often been approached from the perspective of seeking to engage all employees in the work of the organization, whatever the characteristics are that they bring to the table that might be seen as 'different'. A culture is created in which people from distinct backgrounds can work well together. People's various talents are uncovered and exploited. And, a great workplace is created that is financially successful, able to attract and retain the best people, and able to provide products and services that attract and retain customers.

After reading through the Putnam study, another recent work by Scott Page called *The Difference*, and conducting our own research on differences and similarities among employee survey responses for the list applicant pool, we are convinced that one of the greatest strengths of Best Companies is their ability to create inclusive environments in which all employees are invited to participate and most are able to do so.

One of the reasons that more employees are fully engaged – with their hearts and minds – at great companies is that formal and informal support networks are in place that create strong internal ties among people who may be seen as 'different' or who may hold positions traditionally seen as having different status or value. This can create a sense of belonging for people who may not usually feel a part of the group, and provide an openness for people to share their ideas when they may not initially have confidence to speak up. Diversity networks and collaborative groups can also serve as resource networks that expose executives or senior managers (who may be similar to each other) to people, sources of information, and ideas that are different from their own. They can also help those same executives to understand the difficulty that people who are 'different' have in feeling comfortable in some business settings.

Thus a strong culture of inclusion created by leaders helps people who might be seen as 'different' to feel like full members of the group, and enables them to participate without losing their valuable different way

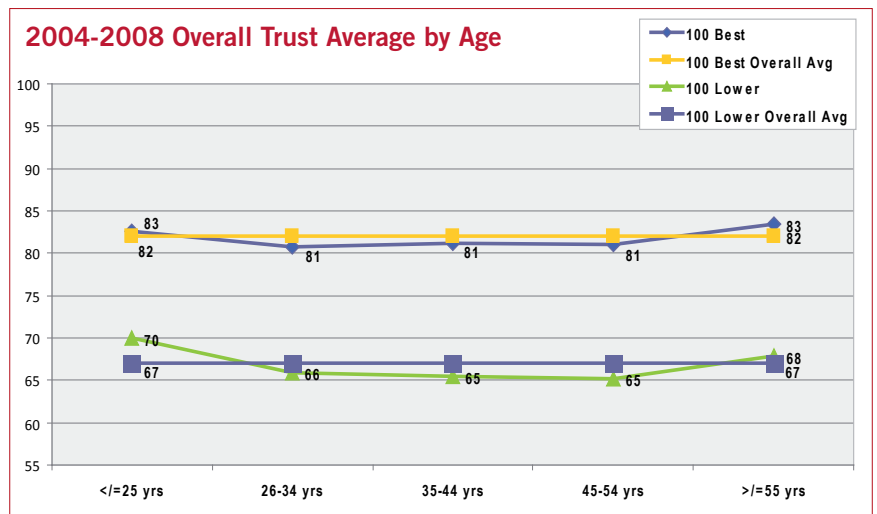


Figure 7

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of looking at things. While some companies may try to create a culture of inclusion by asking everyone to be the same and by trying to help 'different' people be more 'similar' - like the majority group or the leaders - this can diminish any value that could be gleaned from the varying approaches and experiences that different types of people bring to a situation. In general, Best Companies create strong cultures that include people and their differences, and support the development of cross group ties that help people to share their distinct approaches and ideas.

Our evidence for this comes through in the survey results that show that in Best Companies more people across all demographic categories experience a high level of trust than is the case for employees in the 100 Lower Trust Companies.

For example, when we look at the data for the 2004-2008 100 Best and 100 Lower Trust Companies, by race and age (see Figures 7 and 8), it is clear that many more employees in Best Companies are sharing a consistent high-trust experience with each other - regardless their age or race differences - than are employees in the 100 Lower Trust Companies.

The benefits that come from inclusive cultures are often recognized by employees, who provide strong anecdotal support for the value of diversity in their comments:

“ Goldman Sachs values diversity and has zero tolerance for unequal treatment of any group of people. It

holds weeks of events celebrating various ethnic identities, accomplishments of women, and gay/lesbian/transgender contributions to society. I think it is the most fair and principled of any company for which I could work.

“ I always feel like a part of the team and that my part is recognized in the midst of the group's work product. We do a great job of hiring different types of people, all of whom mesh well together. The firm has made it incredibly easy to be a working mom with flex-time and an on-site day care and incredible health coverage. As a young female attorney, I know the firm is trying to keep me here before and after I decide to have children.

“ A unique quality that Wegman's has is their diversity. I enjoy that so many cultures work together in one place, and with it I feel right at home. For this being my first job, I feel very proud of what I do and for the people I work for.

“ I can honestly say that from day one, Astrazeneca has treated me not only as an intelligent and self motivated individual but also with the utmost respect. It is with great conviction that I can say, Astrazeneca seeks individuals from diversified backgrounds in order to not only represent the world at large but also to assure the continued evolution of the company with new and fresh ideas. Employees are respected and cherished.

“ One thing that makes our company a great place to work is diversity. Employees from different nationalities work so well together. The Principal understands that to be successful globally, we have to have diversity at work. In promoting diversity, several clubs within the company are sponsored such as Asian Resource Group, African-American Resource Group, Muslim Resource Group, etc. These groups make employees feel like they belong in this organization and the management care about who they are personally.

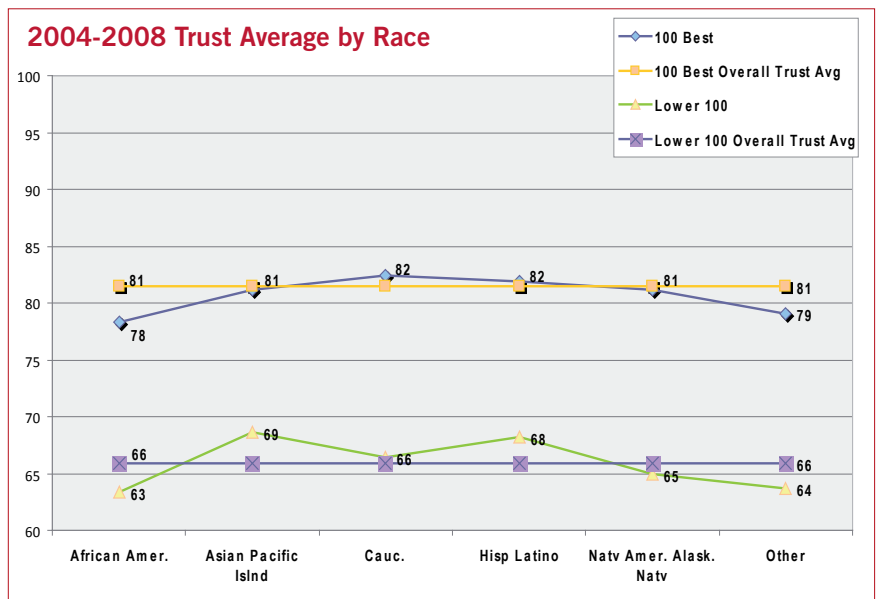


Figure 8

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- “ The diversity of co-workers at all levels of the company is significant - racially, ethnically, gender, sexual orientation, beliefs, etc. Best of all, this group of people gather and support each other in appreciation of all the value our differences bring to drive the business. I believe this generates greater connection and communication, understanding and opportunity.
- “ Our diversity initiatives consistently work to improve awareness, increase productivity and celebrate the differences that result in a competitive advantage for TI.... There are groups representing various religions, race, sex, and sexual orientation whose activities are supported and encouraged.... People are proud of TI's work force and its diversity.
- “ The most unique thing about this company is that it makes you into a unique person. I was raised in small town Idaho and when I got a job at Starbucks in Boise, I was fairly narrow-minded and specifically didn't have a love for diversity. As I learned Starbucks' mission and actually saw my managers utilize it in their everyday stores and hiring decisions, I realized the importance of it. This is a value now that I am very passionate about. Diversity opens you up as a person and expands who you are, just as much as it can expand a company.
- “ The diversity in the people of our company makes it great - at any location we have people from many different countries, races, religious preferences, sexual orientations, size and shapes. We all just naturally coalesce into one very unique and effective team. I wish it could be this way outside the company.
- “ These employee comments present a powerful message about the power of diversity and the value in bringing people together from different backgrounds. In a culture of respect and collaboration there is the possibility of creating a world in which people do finally all just get along.

## Interest in Staying

Much attention has been paid recently to the link between employees' commitment to their work and their intention to stay with their employer – the ‘retention’ question. In our research we have focused on an employees' expressed interest in staying – what a person says about what he or she wants to do – and have considered this in relation to a person's sense that work has special meaning and that coming to work is something one looks forward to.

Employee comments about their work experience at several of the Best Companies confirm the relationship between a person's desire to stay, the special quality of the work people get to do, and that they look forward to going to work – for both the camaraderie they experience and the challenges of the work they do.

- “ Staff tends to stay and relationships develop and continuity improves care and becomes a social benefit.
- “ There is no better place to in our industry. The cooperative culture is unique in this industry. The people are the best and most challenging.

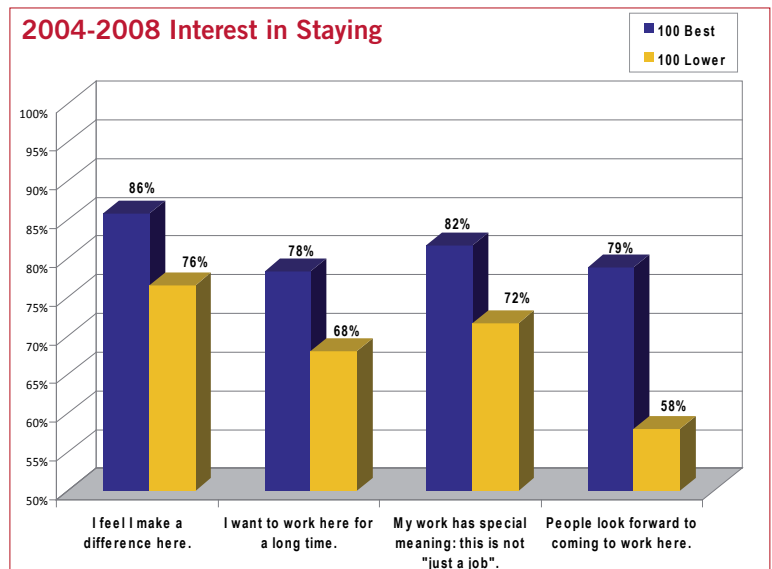


Figure 9

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- “ In high tech it's unusual to find people who stay at one company for a long time. At Intuit, it's not uncommon to see people who have worked here for 5, 10 or more years. I've been here almost 6 years and I can't imagine finding a better place to work.
- “ Kimley-Horn is the ideal company that I have been looking for my entire career. I'm glad to be here and hope to stay until I retire.
- “ The strong emphasis on information, education and training offered to managers is a great tool for helping people move up in their careers. It is a great way of encouraging people to grow and yet stay with Marriott.
- “ This was my first job and when it came time to choose my career field I decided to stay with Wegman's based on their strong core values. They give you an opportunity to explore all avenues they have to offer.

The survey results presented here (See Figure 9) affirm with numbers what employees' comments express in sentiment.

At times the sheer volume of data affirming the good qualities and strong benefits that come to great workplaces can be a bit overwhelming. Are these workplaces really that great? It may be that we simply need to keep telling their stories over and over again to ultimately change people's understanding of what corporations can actually become.

### The Best Companies

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Every Best Company has its own story of the ways in which their great workplace culture has been created through the words and actions of leaders, managers and employees. These stories are the best illustration of what it means to create a great workplace, where employees trust managers and leaders, and tell others – ‘my company is one of the best.’

#### Baptist Health Care (Pensacola)

Baptist Healthcare has a vision to be the best health care system in America. The CEO and Senior Vice President have pursued this vision, to reinvent in their hospital and the employee management relationship, so that it would also be a role model for the US healthcare industry. The challenges they faced when first pursuing this vision were many. Patient satisfaction was weak – they were in the 18th percentile – employee satisfaction was weak – just 44% of employees were satisfied – and competitors were placing significant pressure on their viability as a hospital. They knew that they could not outspend, outequip or outprogram their competitors. Their choice was to build their competitive edge on service. Making this choice, to use service as the competitive advantage for their healthcare services, brought with it a natural focus on the internal service provided between and among people who work at Baptist. Thus the strategic choice for how to compete required much introspection about what was happening inside of Baptist that had created the culture that lead to its current state, and about the changes that would be needed to truly create the best healthcare system in America.

One area that received significant attention was an effort to improve the leadership training programs offered to support people's professional growth. In order to fully change the culture, employees would need to be supported in new ways. Training and education programs were developed to help people understand the Baptist Vision and how they could participate in achieving it. Other programs were developed to teach staff new ways of interacting with each other with the goal being that supervisors would be just as accountable to their staff, as their staff had to be to the supervisors.

Employee involvement and idea sharing programs also received a great amount of attention with one program in particular, the Bright Ideas program, providing a wonderful example of a way to solicit employee ideas.

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The Bright Ideas program solicits innovative ideas from all people throughout the organization, giving employees an opportunity to share thoughts, suggestions for improvement and cost-savings ideas. Any idea that helps a department operate more efficiently or makes life easier for the customer is a Bright Idea. Employees submit their ideas directly into the Bright Ideas database. Their leader is responsible for implementing the idea, forwarding the idea to the most appropriate leader to implement, or providing feedback on why the idea won't or can't be implemented.

Besides being the repository of initial submissions, the database also serves as a warehouse of ideas that all leaders can access to see if a solution to a problem they are experiencing was solved in another area. Leaders can also simply review ideas in the database to look for great suggestions for ways of doing things better.

Employees are recognized for submitting their ideas with "Food for Thought" (free meal) certificates and receive 10 points for ideas that are implemented. The points are redeemable for prizes, from a small light bulb pin (10 points) to a director's chair (150 points). All employees are encouraged to implement at least 2 Bright Ideas each year.

The program has been a tremendous success, generating positive changes in organizational processes and stimulating millions of dollars in cost-savings initiatives since its inception in 1998. Monthly celebrations, hosted by a senior leader, are held to honor all implemented ideas, and a drawing for \$50 gift certificates are held. The program stimulates employee empowerment and motivation, and also some creative ways to celebrate the implementation of ideas. At one hospital (Atmore Hospital) the celebration of Bright Ideas involved a special employee and family picnic at which people who submitted a Bright Idea earned the chance to dunk a leader in the dunk-tank!

### Granite Construction

Granite Construction is a heavy civil construction company and a construction materials provider with over 140 plants in various US locations. From its founding, leaders at this construction company placed a premium on insuring that its primary purpose was to provide an employees with the opportunity to make a decent and safe living while doing the work they could enjoy and be proud of.

One of the unique qualities of Granite's culture is an emphasis on looking back to the qualities that made the company successful in its early years, and projecting forward to see how those qualities can be adapted and built upon to insure future success. Company leaders present the organization as one that is comprised of reliable, hardworking and pragmatic professionals, craftsmen and engineers who also aspire to be Master Builder's. They express a commitment to the long-term success of their projects in terms of both the physical product or result and the social and environmental impact of their work. Granite's leaders proudly point to their leadership in Project Enduring Legacy, an industry-wide effort to shift the entire construction industry into a leadership position in sustainable construction, their social responsibility record and their onto the Domini 400 Social Fund investment index as recognition for their positive reputation and impact. And this is a construction company! Not the first place that most people would turn for examples of how to create a workplace in which people say "I trust the people I work for..."

What is it that has happened at Granite Construction over its more than 100 year history that led to its current culture and commitment to employees, safety, quality and an enduring legacy? There are a few fundamental beliefs that seem to fuel much of Granite's culture, and a number of basic decent practices that help to reinforce that culture on a daily basis.

In their 2006 Culture Audit, Granite writes:

"... [we] believe [that] all people want to do a good job, and they will if you trust them. This means allowing them to make the decisions in regards to their jobs and operations without oppressive oversight from Division or Corporate management. It means minimal intrusion of standardized policies and programs that smother their creativity and initiative; in most cases, a guideline rather than an inflexible policy will suffice. It means no exces-

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sive monitors and controls that convey distrust and disrespect. It means making expectations clear, jointly arrived at whenever possible. It means providing resources, information, feedback and recognition that will support and encourage your people.

Getting the most from your people is not the job for efficiency experts. People are not units of production, they are living breathing imperfect divine creations that will thrive on learning and challenges. They are self-organizing creative and ingenious when they believe they are working for a noble purpose and they will collaborate with synergistic results when they respect their coworkers, their leaders and their company.”

This would be a powerful statement in any company yet for a 100+ year construction company it seems extraordinary. There are other construction and manufacturing firms on the 100 Best Companies list with similar unique, people focused philosophies. There are also law firms, high tech companies and production service firms – and all have found truly special ways of structuring themselves and creating a culture that works for them. They are almost all atypical for their industries. Yet the practices of senior leaders and managers are in many ways ordinary.

At Granite Construction, leaders and managers excel at sharing information and listening to employees. Most of Granite's employees work at isolated worksites spread across the country. This could pose some problems for effective communication, yet with a clear commitment to sharing information and hearing from people, the senior leaders at Granite have incorporated responsibility for communicating and listening into their core work responsibilities. Granite has been able to retain much of the personal connection between senior management and employees in the field because leaders and managers visit construction sites frequently. President and CEO, Bill Dorey and COO, Mark Boitano personally visit all field locations nationwide at least once each year to participate in employee dialogues. These visits give the two most senior leaders a chance to hear people's thoughts and share their own vision for the future of the organization. One special practice that is incorporated into all of these visits involves CEO Bill Dorey conducting a one or two hour walk-about to check in with every employee at the site.

This practice is special for another reason as well - it's not just something done by the CEO. Division & Assistant Division Managers also visit everyone working in the field offices and at job sites. There are also more formal quarterly or semi-annual employee dialogues that occur, to insure that no matter a person's work location, a live, face-to-face discussion with senior management will happen every year. It is this personal human contact that best exemplifies why Granite Construction is seen as such a special and unique workplace by its employees.

One employee wrote in response to the question What makes this company a great place to work?

It is a very nice feeling when the president and CEO of the company comes to your workplace and he knows your name and is genuinely interested in what you are doing. Granite gives you as much responsibility as you want and they trust that you will make it happen and help you make it happen.

### Principal Financial Group

The Principal Financial Group provides a variety of financial services (401K Retirement Plans, Health and Life Insurance, Asset Management, etc.) to small to medium sized businesses, individuals and institutions. These financial services are provided by many competitors as well, with some providing a similar mix of services and others specializing in just one or two. What does The Principal do to stay ahead of the competition and retain their employees? They have chosen to make tremendous investments in their people through personal and professional development offerings. Their goal is to create an environment in which people's ability to learn and grow is seen as a core part of the culture that contributes to the company's financial success.

A number of the professional development offerings are similar to those available in many organizations– coursework, development plans, mentors and coaching sessions, for example. There are some twists to the approach as well, with on-the-job experience and informal learning built in to the process along with a strong emphasis on the involvement of leaders as teachers in the training and development programs.

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The development framework that is used to guide their efforts emphasizes the outcome of the development instead of the activity of the development. This is a valuable distinction that we see in many great companies – and reflects an understanding that development is a process that occurs over time, and should result in more than the tracking of a set of classes or participation in a set of experiences.

Two of the more unique elements of the Principal's approach to professional development underscore the small gestures that have helped to make this company great. A Listen In program, gives employees the opportunity to hear customer service representatives take live customer calls. Hearing service reps put "customer service" into practice helps all employees develop better customer service skills. It's also an honor for the call center representative whose calls are featured in this program and helps them to feel part of the broader set of activities occurring throughout the organization.

The Big Map of Initiatives is a visual depiction of the key role that employees play in the success of the company. It was designed to give employees a snapshot of both what the company is doing and how it is being done. The map shows the flow of the major initiatives employees hear about throughout the year and covers the organization's purpose and mission, the success measures used for different initiatives, and how each employee contributes to success through their work and upholding of the company's values. The Big Map of Initiatives is used during New Employee Orientation to help people understand their role in the firm's success from their first day on the job, and is also provided to leaders for use with their teams. This provides leaders and managers with a tool for reinforcing the message about each employees' importance in creating and sustaining the organization's business and culture.

### Genentech

Genentech is a biotechnology company. A simple statement that belies the fact that they often are credited with having created an industry. There are not many companies with that claim to fame. In existence for 30, years they have recently experienced remarkable success due to the acceptance of numerous specialized drugs that they have produced. One of the most significant challenges currently facing the company is that of maintaining their unique culture and creative research based work environment in the face of this tremendous success and growth.

Leaders at Genentech have identified three cultural hallmarks as the ones that employees value the most and that they believe have created the company's singular success in the biotechnology industry over the past 30 years. These hallmarks are a commitment to science, dedication to patients and respect for the individual. These three hallmarks are a reflection of commitments that leaders at Genentech have made to support the basic work of the organization, serve customers and take care of employees. We hear about commitments of this type from leaders in many organizations, yet we rarely see results similar to those that have been achieved by people at Genentech. What's the difference? A consistent set of actions, spread throughout the organization, practiced by leaders and managers that continually build and reinforce the culture of the organization.

Genentech's commitment to science is well reflected in its practice of allowing research scientists to take time away from their job specific tasks to pursue their own research interests in the form of individual projects that may not necessarily lead to the development of a new product or service. This practice expands the horizons of scientists at the same time that it contributes to the professional success of the company. A number of new products or new research techniques have resulted from scientists' pursuit of their own ideas. Genentech leaders identify this practice as one that shows respect for the individual, yet it is also inseparable from the commitment to science and dedication to patients. This is as it should be. The practice is part of the culture, which supports the business.

The logic for this practice is unassailable. Genentech needs good smart dedicated people in their organization to produce the products that will generate revenue. Research scientists, who will create these products, are curious people. Groups of people are needed to complete all of the research – not just the scientist, but the technician and support staff as well. And if an idea goes beyond the research lab then project managers to assist with clinical trials will need to be involved as will marketing and sales people. The cycle begins with the freedom to explore ideas and is supported in a culture of openness and curiosity. Funds are provided to research scientists to pursue their own

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work – this is to help attract and retain top scientists who want to do research rather than chase grant money. Yet the ability of Genentech to be so successful in the biotechnology industry is dependent on more than the ability of scientists to do their research, as every competitor of Genentech also has practices that seek to promote and take advantage of the creative scientific process.

Genentech has created a culture that supports intense curiosity. This is fueled by many programs and practices built into the structure of people's work lives yet the cultural practices of open questioning, honest conversations, no hierarchy and no buzzwords are reflected in the small practices that have helped to elevate the success of their efforts above those of their competitors. They have created an environment in which more people can participate fully in the work of the organization.

Take the practice of open questioning as an example. How is this promoted at Genentech? Managers and leaders share information broadly with employees through online and email channels, yet informal, in-person discussions between management and all levels of employees are frequent and encouraged. Senior leaders get up from their desks and walk around. They share a commitment to talking directly with employees – and because they do this, others do so as well.

Genentech was founded on academic roots and scholastic traditions are still present. One example provides an illustration of the open dialogue between employees and management in the Corporate Information Technology (CIT) department: Office hours! Office hours give employees in the CIT group, in addition to employees throughout the department, the opportunity for valuable informal one-on-one discussions on any topic.

Margaret Pometta, associate director of CIT, says "It's a great opportunity to hear from employees who might not set up an official meeting, but want to get your input on a project, voice a concern or briefly get advice about managing an issue. It gives me the chance to hear what's on people's minds, which is valuable to hear as our department grows and matures." Every member of the CIT Leadership Team is available for office hours once a month.

Additionally, CIT Leadership Team office hours are part of the department's Dialogue Days Program – a kind of "lunch and learn" at the department level, where employees have the chance to have lunch (or sometimes breakfast) and converse in small groups with leaders of the organization. Dialogue Days are held every Wednesday and are always well-attended.

Genentech CEO Art Levinson understands the importance of paying attention to product, quality, and the culture of the organization to create a company that is one of the Best. In a Wall Street Journal article (June 5th, 2007) Levinson is quoted as saying that creating a great workplace environment is one of three critical factors that contribute to Genentech's success in the marketplace, with the other two being a commitment to great science and a clear market focus on producing anti-cancer drugs.

Levinson says: "The third thing is we place a huge emphasis on making Genentech a great place to work. Eight or nine years ago, we didn't appear on many lists of the best places. We started doing employee surveys, asking, people 'What do you like; and more importantly, what do you not like about the company? What bothers you?' We've been pleased by the validation. We made it to Fortune's ... List four years in a row. Last year we were No. 1. [This year, Genentech slipped slightly, to the No. 2 spot, behind Google Inc.]" <sup>11</sup>

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Each of the companies cited above has created its own unique culture and set of practices that reinforce that culture. Yet beyond the practices, each group of leaders and managers has developed a way of behaving, a way of interacting with employees that clearly lets employees know that they are valuable to the organization for their work and valued by people in the organization for their contributions as human beings. While people are often said to be known by the company they keep, leaders in great workplaces are known by the companies they create.

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## Endnotes

1. Another great study to look at is presented in Alex Edman's recent article titled Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices. An electronic copy of this article is available at: <http://ssrn.com/abstract=985735>
2. Both of the 100 Best portfolios take a forward looking perspective based on the previous year's financial performance of companies on the list, to mimic the activity of an actual investor. The Reset Annually portfolio invests equal dollar amounts (in this case at the beginning of 2001) in the stock of each of the previous year's 100 Best publicly traded companies. The portfolio is liquidated at the end of the year and the proceeds invested in the public companies on the new list by buying equal dollar amounts of each publicly traded firm. This process of liquidating the portfolio at the end of the year and using the proceeds to invest in the new list of 100 Best is repeated through 2006.  
The Best Companies Buy and Hold portfolio invested equal dollar amounts (at the beginning of 1999) in the stock of each of the 1998 100 Best publicly traded companies and held these stocks through 2006.  
The quarterly performance of Portfolio A is statistically significantly different from that of the Russell 3000 at the 5% level (as the p-value are less than 5%) while that of Portfolio B is statistically significantly different from that of the Russell 3000 at the 10% level (as the p-value are less than 10%)
3. The two populations of companies represented in this graph represent distinct groups with differences significant at  $\alpha < 0.001$
4. The Trust Average includes all Credibility, Respect and Fairness survey statements from the Trust Index® a proprietary survey tool of the Great Place to Work® Institute, Inc.. The Cooperation Average includes two statements outside of the Trust dimensions: "People here are willing to give extra to get the job done." and "You can count on people to cooperate." The Commitment Average also includes two statements outside of the Trust dimensions: "People look forward to coming to work here." and "We're all in this together." Great Place to Work® Average is for the statement "Taking everything into account I would say this is a great place to work."
5. The cumulative returns represent a summation and averaging of the cumulative quarterly financial performance of the publicly traded companies in the two groups over the four-year period. The annualized return represents a summation and averaging of the quarterly returns with consideration of each year's annual return as independent of the preceding years returns.
6. This analysis was conducted internally at the Great Place to Work® Institute using the same methodology used by the Russell Investment Group that conducts annual studies of the performance of the 100 Best Companies referred to above. The results affirm that the financial performance of the 100 Best companies, both cumulative and annualized, is notably stronger than that of the companies in the Lower 100 group of list applicants, for 2004-2008, with a significant difference in performance confirmed at the .05 level.
7. 100 Best and 100 Lower data are for FT turnover. The BLS data is for 'quits' for all non-farm employees.
8. Data were calculated based on companies responses to two questions asking for the total number of job applications received and the total number of jobs/positions filled in the past year.
9. Taken from the 2007 100 Best List Culture Audit® part 2 submission materials
10. E Pluribus Unum: Diversity and Community in the Twenty-first Century Scandinavian Political Studies, Vol. 30 – No. 2, 2007; © 2007 The Author(s)  
Journal compilation © 2007 Nordic Political Science Association  
From the Abstract, Putnam states: "In the long run immigration and diversity are likely to have important cultural, economic, fiscal, and developmental benefits. In the short run, however, immigration and ethnic diversity tend to reduce social solidarity and social capital. New evidence from the US suggests that in ethnically diverse neighbourhoods residents of all races tend to 'hunker down'. Trust (even of one's own race) is lower, altruism and community cooperation rarer, friends fewer. In the long run, however, successful immigrant societies have overcome such fragmentation by creating new, cross-cutting forms of social solidarity and more encompassing identities."
11. Wall Street Journal June 5th, 2007 "How Genentech Wins At Blockbuster Drugs" by Marilyn Chase

# Any Company Can Create a Great Workplace

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**Great Place to Work® Institute, Inc.** has conducted pioneering research on the characteristics of great workplaces for over 25 years. We believe all companies can become great places to work, and our mission is to help them succeed. Our Great Place to Work® Model® is recognized as the standard for assessing great workplaces. In 40 countries around the world, we are proud to:

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### Additional Resources

- Join us for the 2009 Great Place to Work® Conference, May 6-9 in Miami Florida, to learn more about how to create great workplaces directly from Best Companies leaders. For more information, visit [www.greatplacetowork-conference.com](http://www.greatplacetowork-conference.com)
- Nominate your company to be on Best Companies lists in North America, Europe, Latin America and Asia by visiting [www.greatplacetowork.com/best/index.php](http://www.greatplacetowork.com/best/index.php)
- Consulting Services: We believe passionately that any organization of any size or industry can become a great workplace. Great Place to Work® Institute, Inc. consulting services are based on 25 years of researching Best Companies, and our in-depth knowledge of how companies transform can help you achieve higher levels of productivity and profit. Through our assessment, action planning, and advisory services, we can help you to measure, benchmark, and positively impact employees' experiences of your organization.