

The Trust Bounce

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Great Place to Work®



The 'Trust Bounce' is a not-so-rare phenomenon that happens in great workplaces when the level of trust among employees and management reaches a critical mass.

The Bounce comes in to play when it becomes easier to recruit new employees and keep the ones already in place, and people actually look forward to coming to work. The Bounce also affects a company's reputation in the community when employees enjoy talking about where they work, and their friends ask them about job openings. Company members are recruited to serve on community boards, and people regularly volunteer to help out on community projects – often with the company's blessing and financial support.

The Bounce also shows up on the balance sheet. Great workplaces continually outperform their peers, during up markets and down markets, reaping small and large benefits from qualities such as lower levels of absenteeism and higher levels of innovation. Employees in high trust workplaces show higher levels of cooperation within their teams and across the organization, and express a higher level of commitment to the vision and direction of senior leaders.

Openness and Sharing

Where does the Trust Bounce come from? It is the result of leaders' cultivation of open, honest and ethical relationships with their co-workers – fellow executives, managers all through the organization and people in every type of position in the workplace. In great workplaces leaders are visible and accessible – they serve as information resources for employees and managers and as living reminders of the values and ethics that guide decision-making. People trust them. This is especially important during difficult times when fear can cause people to turn inward, trying to protect themselves, their friends and families. While this is a natural reaction in times of crisis it can bring with it a decline in sharing, or limits to the broad scale cross-department cooperation that supports organizational efforts to react swiftly to market changes and pounce on new opportunities.

Among the 2009 100 Best Companies, 85% of employees find their management to be approachable and easy to talk with, as do 92% of employees at the 2008 Best Small & Medium Companies to Work For. This perception of accessibility and openness crosses a host of demographic characteristics. For example, among the 100 Best, 88% of employees younger than 25 said that management is accessible and easy to talk with, as did 83% of employees over the age of 55. In a comparison group of the Lower 100 companies – all good companies interested in becoming one of the Best who participated in the 2009 Best Companies list process – the percentages are slightly different, with 78% of employees under 25 and 73% of those over 55 finding that management is approachable and easy to talk with. While these numbers are relatively high for both groups given some of the dismal stories in the news about managers who don't care or leaders who seem to be invisible to employees, their difference helps to make an important point.

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Among the Best Companies, on average 88 out of 100 younger employees, and 83 out of 100 older employees feel that their leaders are easy to talk with. By implication, if employees in one of these companies felt a need to talk with a leader or manager – to gather information, get the answer to a question, investigate a rumor or express a concern – most of them could find their leaders and would be comfortable talking with them. Among the Lower 100 companies, the numbers drop to 78 (under 25 yrs of age) and 73 (over 55 yrs of age) out of 100. When the entire population of employees is looked at regardless of age – the numbers are relatively similar – 85 out of 100 among the 100 Best, and 72 out of 100 among the Lower 100.

Considering these results in terms of 100 people means the differences don't seem that great, yet when the entire population of an organization is considered – perhaps 1000 employees, or 5000 employees then the difference in the numbers becomes more striking. Rather than seeing a difference of 13 more employees at one of the 100 Best Companies who are comfortable talking with their managers and leaders, the number grows to 130 employees, or perhaps 650 employees. All of a sudden, there are a lot more people at one of the Best Companies who are getting the answers to their questions from someone in management – someone whom they perceive to be

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accessible and approachable – and also, honest. Among the Best Companies, 90% of employees find their leaders to be honest and ethical in their business practices. At the Best Small and Medium companies the numbers are even higher at 96%.

So what happens in a company where the numbers aren't so high, where employees don't find their managers and leaders to be approachable – where do they get their information? If a void exists, most people will try to fill in the missing parts with stories that they hear from others, bits and pieces of information, or their own speculation. In some cases there's no harm in this, yet in a highly competitive business environment, especially with the added stress of a weak economy, the in-fill used to complete the story can steer people the wrong way or unnecessarily add to worries.

A few stories illustrate the power of accessible management, and highlight one way in which the Trust Bounce operates in great workplaces. At Lincoln Industries, #20 on the 2008 list of Best Medium Companies to Work For, concern is high as news about the economy filters through the manufacturing facilities. Lincoln is known for its commitment to employee health and wellness programs, and also receives high marks from employees for the effectiveness of company communication programs, with 88% of employees affirming that management is approachable and easy to talk with. Recognizing that uncertainty breeds stress, and can lead to the spreading of incomplete information as people seek answers to their questions and ways to reduce anxiety, leaders at Lincoln are re-emphasizing practices that support the open and honest sharing of information.

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In a recent CNN.com article Marc LeBaron, Chairman and CEO of Lincoln is quoted as saying "There's a lot of uncertainty out there, and uncertainty always creates more anxiety." Lincoln's management communicates information about the business to employees through newsletters, company-wide e-mails, roundtable meetings and an open-door policy - and by walking through the plant. LeBaron goes on to say that he's often quizzed about how the economic news of the day will affect Lincoln Industries. "We're very transparent," LeBaron said. "If there's bad news, let's get it out there on the table." When Harley Davidson cut back on its orders recently, a company-wide e-mail informed employees right away.

Any time I have a question that my immediate manager can not answer, I know I can go directly to either a Vice President, the President or the CEO and feel comfortable asking any question and will get an honest answer. Not many companies this size can still do that.

With this kind of openness employees are able to get the information they need to answer their questions and inform their choices. The news isn't always great, yet the practice of being open and honest is – and that is what leads to the high levels of trust that will sustain this great company, and many others like it, through the economic constraints currently facing everyone.

At NetApp, the #1 company on the 2009 100 Best list, open and honest communication is a prominent feature at All Hands meetings – the regularly scheduled meetings held among leaders, within departments, and company wide, to insure that everyone hears the same information, has a chance to ask questions, and learns about any new developments facing the company. As the ups and downs of the economy have continued, the All Hands meetings have remained a trusted source of information for all NetApp employees, and have served as a forum for leaders to share their own perspectives on the economy and how NetApp is responding.

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Yet recognizing that the current economic situation will change the business environment for the long term, and that leaders and managers would need specific resources to help people maintain a focus on the business activities that contribute to NetApp's success, a communication kit titled "Communicating with Employees During Tough Times" was quickly developed. This kit provides information on how to answer people's questions, recognize and respond to signs of stress, and involve employees in discussions of the issues facing the company. The goal of all of this is to insure that people feel supported, are aware of resources that are available, and understand how

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they can stay focused and move the company forward. And what do employees think about the approachability of NetApp's leaders? Ninety-two percent find them to be approachable and easy to talk with, while 95% find them to be honest and ethical in their business practices. This is part of the Trust Bounce.

Community Influence

Trust experienced inside an organization can have a very positive impact on people's lives outside of the corporation. Word of mouth commentary is often cited as one of the most powerful marketing tools that is indirectly available to organizations – 'indirectly' because word of mouth is often hard to promote and control. In the recently released 2009 Edelman Trust Barometer Report the value of employees as sources of information about a company – especially relative to the CEO or traditional marketing materials – was made very clear. Overall, a 'person like you' is seen as a credible source of information by 47% of Edelman's survey respondents world-wide, versus a company CEO, who is seen as credible by just 29% of respondents. Corporate and product advertising fare even worse, with only 13% of respondents finding that information credible. And it continues – with 76% of respondents indicating that they have recommended a trusted company to a friend or colleague, while 72 % say that they have criticized a distrusted company to a friend or colleague. So company employees really are the word-of-mouth ambassadors of a company.

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Among the 2009 100 Best Companies, 92% of employees feel good about the ways their companies contribute to the community and 93% are proud to tell others where they work. The numbers are similar for the 2008 Best Small and Medium Companies. These organizations, besides getting recognized in the national and local press, are being recognized and rewarded every day by their employees who pass on their experiences of high-trust management practices in their interactions with family and friends.

No organization is perfect, and even at the Best Companies there are people for whom the culture isn't right or their relationship with management doesn't always work, yet as a leader to be able to rely on the fact that over 90% of your employees are proud to tell others where they work is a tremendous gift – the return gift for having worked so hard to create a high trust culture. This is part of the Trust Bounce.

As a concrete example, Arnold & Porter's Community Service Program really shines. Arnold & Porter, a law firm based in Washington DC, and #21 on the 2009 list of 100 Best Companies, established its Community Service Program as a way to support the volunteer interests of employees and give back to the communities in which it has offices. This firm-wide program offers employees access to a database of volunteer activities that range from one-time projects to recurring opportunities.

The firm encourages employees, especially attorneys, to get involved in pro bono work. We are constantly reminded that our founding partners believed in giving back to the community. There are many different pro bono opportunities available so that all attorneys can find a cause that interests them to get involved in. Non-attorneys also have the opportunity to get involved in pro bono projects

The firm has an extraordinary commitment to the community and pro bono service, in a manner that exceeds what I have seen at any other law firm.

Examples of some of the projects that employees in the Washington DC area volunteered for include providing furniture and household items to residents who lost their possessions after a massive apartment building burned down, and the annual Potomac River Watershed Clean up which is the largest volunteer-led clean up on the East Coast. Employees joined with others to collect over 285 tons of trash and items to recycle. Arnold & Porter's employees are likely to have met many other people during their volunteer activities, and often when people meet they say something about where they work. Ninety-six percent of their employees indicated that they are proud to tell others where they work when they completed the Trust Index© employee survey as part of their participation in the

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100 Best Companies list process. That's a lot of employees, telling a lot of people – friends, family and community members – about their great workplace.

Financial Impact

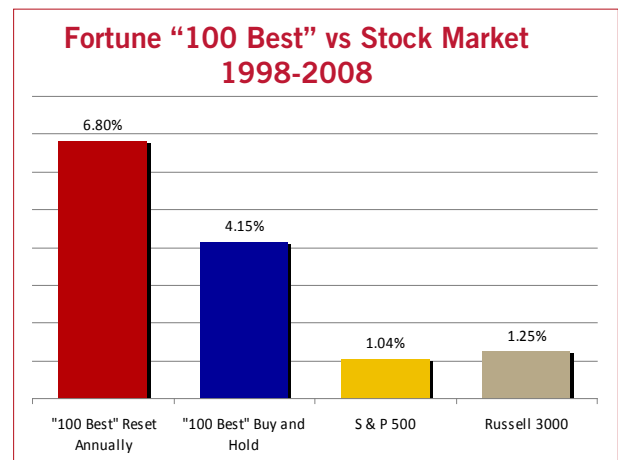
Where does all of this land on the bottom line? It's hard to imagine that people would question the positive impact of a high-trust workplace culture on the financial results that an organization achieves, yet some still do. But the tide is turning. Our research at the Institute affirms that high trust organizations are more successful financially as well as being great places for people to work. The Edelman Trust Barometer research confirms the negative impact of a lack of trust on word of mouth referrals about companies, their products and services. The research of John Helliwell, et al at the University of British Columbia affirms the strong positive impact that trust in the workplace has on subjective well-being and job satisfaction, finding that, "The estimated life satisfaction effects of workplace trust are so large as to suggest that there are large unexploited gains available for trust-building activities by managers, shareholders and employees."

Based on our research with the Best Companies and the larger applicant pool, we regularly find evidence that employees commit themselves to their organizations when they trust their leaders, and they are more willing to cooperate with team members and with their distant co-workers when they trust each other. Employees place greater confidence in leaders' ability to plan for the future when they trust them, and they are more willing to follow the vision of the leader even if they aren't completely sure what that means for them – because they trust their leaders.

We also see consistent evidence of the financial success of the 100 Best Companies from the annual assessments conducted by the Russell Investment Group, comparing the performance of the publicly traded 100 Best companies with the S&P 500 and the Russell 3000. While for the single year of 2008, looking at the backwards performance of the 2009 list companies, the 100 Best publicly traded companies, as a group, 'lost less' than the S&P 500 or Russell 3000, when the performance of the Best Companies is considered over time, the differences are even greater, and are positive. From 1998-2008, the 100 Best achieved annualized returns of 6.8%, with the S&P 500 coming in at 1.04% and the Russell 3000 at 1.25%.

The work of Alex Edmans at the Wharton School provides further evidence of the financial success of the 100 Best companies, along with a thoughtful analysis of the reasons why. His conclusions affirm that "consistent with human capital-centered theories of the firm, employee satisfaction is positively correlated with shareholder returns and need not represent excessive non-pecuniary compensation... the stock market does not fully value intangibles, even when independently verified by a publicly available and widely disseminated survey."

Our own internal research, comparing the long-term financial success of the 100 Best companies with that of the Lower 100 companies in the applicant pool also affirms that higher levels of trust contribute to higher levels of financial performance over time, even when considering a pool of companies that goes from good (the Lower 100) to great (the 100 Best). From 2004 through 2008 the publicly traded 100 Best achieved annualized returns of 7.22% compared with the performance of the Lower 100 group that comes in at 3.06%. The cumulative returns provide greater contrast with the 100 Best showing up at 51.94% and the Lower 100 resting at 19.81%.



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The companies that comprise the Lower 100 are all good companies, ones in which leaders have made a commitment to try to become one of the Best. With all of this evidence affirming the benefits that come to great workplaces – greater life satisfaction among employees, positive reputations in the community, and financial success – it is certainly a worthy goal to pursue.

Trustworthy Behavior

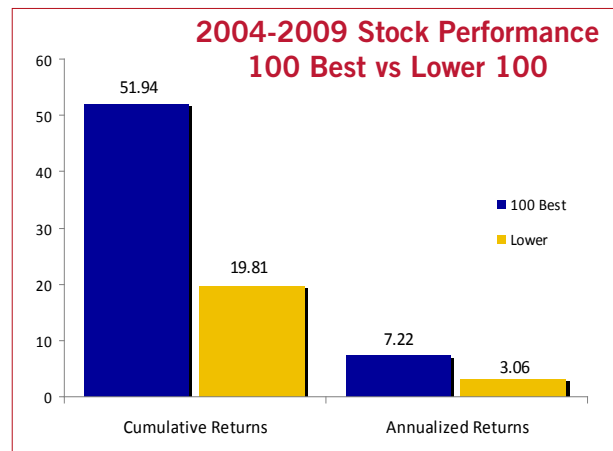
Everyone knows how to engage in trustworthy behavior with some people – those who are regarded favorably, cared for deeply, and with whom responsibilities are shared. Often this trustworthy behavior comes to people naturally, within a set of expectations that makes clear the importance of trusting family and close friends. When many workplaces are first launched, family and friends are also employees and trustworthy behavior naturally transfers to workplace relationships. Yet as the business grows, for a variety of reasons trustworthy behavior can be left behind, swallowed up in a pursuit of profit that, one is told, requires less trust and more guile. Honesty becomes spin, sharing becomes bonuses for the top earners and communication is a mass email message sent to one thousand people at once with news that someone else wrote. This is not the case in the Best Companies.

There is an oft told story of actions matching words that is appropriate here as evidence of the Trust Bounce that comes to great workplaces. While the events happened in 2001, a recent retelling of the story came just last year in Business Week. Writing about how great workplaces are created and sustained, reporter Carmine Gallo interviewed Bill Powanda and Patrick Charmel of Griffin Hospital (#62 on the 2009 100 Best list) about their experience making a very tough decision in the midst of a once in a lifetime experience. Griffin Hospital admitted a patient who had been exposed to anthrax during the public health scare in late 2001. They handled the medical situation admirably, as could be expected at a top-grade hospital. It is the leadership behavior of Powanda and Charmel though that is indicative of the power of trust in great workplaces.

During the incident, which moved very quickly as the seriousness of the situation became clear, Charmel and Powanda were under intense pressure from the FBI and the Governor of Connecticut to hold off from informing staff members about what was occurring. Yet to not tell staff, or to only communicate the 'spin' that was acceptable to outsiders, would have broken the trust bond that leaders at Griffin had built up over the past many years. Charmel and Powanda held a staff meeting to share as much information as they could with employees. They asked people not to reveal the patients name, and not to talk with the press until the situation was confirmed. They reassured employees that the anthrax was not transmissible from the patient, and they asked for people's cooperation with managing the situation, respecting the patient, and caring for everyone else. And it all worked.

Charmel and Powanda were honest, expressed care for the staff and for the patients, and honored the value of being trustworthy by putting their relationship with staff above the initial concerns of the Governor and FBI. They showed that everyone at Griffin was part of the family or team, that everyone belonged and deserved their respect – as leaders, their actions matched their words.

Griffin has continued to be a very successful, creative and innovative hospital during the recent past, and continues to be seen by people who work there as a great workplace. These comments from employees at Griffin, provided in 2008, attest to the sustained legacy of trust and good will that Griffin's leaders have established throughout the organization.



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The building is beautiful and the benefits are quite good but our hospitals true strength lies in the caliber of the employees and management. When you work here, you feel part of the family, you feel cared for. I feel comfortable talking to everyone here and I do. By having time, comfort and support, I feel I can be a better caregiver to our clients.

The hospital provides great care to the patients and this makes me both proud and happy to work here. I like being a part of something special and successful! When I tell people where I work they give a very favorable response! This makes me feel good about working here - to be a part of a great system!

They say you should do what you love, but equally important is doing what you love for a company/employer where you are happy. Griffin offers that opportunity. The CEO is accessible - knows everyone and has their respect and loyalty. Not an institution that gets things done by intimidation, rather, through shared vision and teamwork.

The practices of leaders at high trust workplaces have begun to change the mindset of other leaders, and have certainly inspired thousands of employees to make commitments to the long-term success of their organizations. Why would an employee throw his or her security into the hands of leaders who are most likely not family or close friends? Because in great workplaces leaders act in ways that invite trust – they are honest with a minimum of what anyone would call spin, they share the benefits of the organization equitably, and their actions match their words – their own words. Any organization can become a great place to work – just follow the leaders.

**in great workplaces leaders act
in ways that invite trust**

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Any Company Can Create a Great Workplace

Our Mission is to Help Them Do It



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:

- **Recognize the Best Companies** for their achievements through our international Best Companies lists. In the U.S., these lists include Fortune's 100 Best Companies to Work For®, as well as the "Best Small & Medium Companies to Work for in America" published in collaboration with SHRM.
- **Help companies create and sustain great workplace cultures** through our consulting services. Our data collection tools (employee survey, focus groups, 360° professional development tool) educational workshops and training programs, action planning system, and strategic advising services all support the transformation process within any organization. The Institute's unique access to Best Companies' data allows us to offer unparalleled benchmarking opportunities, best practice information, and transformation insight to our consulting clients.
- **Share resources, best practices, and Institute research** through our education services. These include peer networking groups, workshops, conferences, and publications which enable organization leaders to learn directly from each other, as well as benefit from our wealth of knowledge and lessons learned from the Best Companies and our clients.

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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
- Nominate your company to be on Best Companies lists in North America, Europe, Latin America and Asia by visiting www.greatplacetowork.com/best/
- Client 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 www.greatplacetowork.com/consulting/