

An HR Leaders Guide to

Developing a Passionate Workforce

**The Key to Success During
Challenging Times**



Crisis Mode

What started as a health crisis has quickly become an economic one, and it's different from any that businesses have had to face before. While this crisis is vastly different from ones before, we can learn from those companies that not only made it through previous storms, but came out ahead.

An economic crisis can be triggered by a number of things—a pandemic, a housing bubble, a stock bubble—but it often has the same damaging effect on businesses. Though small and medium-sized businesses are typically most at risk during a downturn, large businesses can be just as vulnerable because no matter a company's size, it will only be as successful as its people.

Focusing on your people can be the secret to not just surviving a downturn but thriving in spite of it.

If you're in HR, you may be operating in crisis mode right now—trying to ensure your employees stay safe and healthy but also trying to keep your organization functioning.



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Trouble on the horizon

The question is no longer if a downturn is coming, but how bad will it be and how long will it last? Even if the downturn is short – and we certainly hope it will be—it may still take companies and employees time to recover from the last few months and return to working at their full potential.

Psychologically speaking, even thoughts of a possible recession can cause stress, which can be bad news for both employees and the companies they work for. It's no one's fault. Our brains are wired to simply survive, meaning we're constantly searching for threats, even in safe environments. Blame it on our reptilian brain—the most primitive part of the brain that controls impulses.

Those impulses, when faced with fear, trigger a **fight, flight, or freeze response**. While these responses served cave dwellers well, people today are rarely fending off attacks. But that primitive instinct for protection remains.



Learning from the past

**December 2007
marked the beginning
of the Great Recession,
the largest economic
downturn since the
Great Depression.**

Unemployment climbed to 10 percent, home mortgage foreclosures resulted in millions of people losing their life savings, and the Dow Jones lost half of its value. Yet despite the broad challenges, some businesses did more than just hang on, they flourished.

Three years after the start of the Great Recession the Harvard Business Review looked at 4700 companies to see how they had fared during the recession. Seventeen percent didn't survive—either declaring bankruptcy, becoming privately owned, or getting acquired. Of the survivors, 80 percent hadn't regained their pre-recession sales and profit growth, even three years later.

Nine percent of the companies, however, blossomed, coming up with stronger financial results than before the recession and outperforming industry rivals by 10 percent in sales and profit growth.





**Organizations
with more engaged
employees report
more growth in
earnings per share.**

Interestingly, the companies that did best didn't rely strictly on cost cutting. Instead, they used a combination of reducing costs to improve operational efficiency and increased spending in future-oriented areas such as marketing, R&D, and new assets. They also paid attention to their people and their organization's culture.

"In good times, employee engagement is the difference between being good and being great. In bad times, it's the difference between surviving and not," explains James K. Harter, Ph.D., Gallup's chief scientist of workplace management and well-being, and coauthor of *12: The Elements of Great Management*. "In good times and bad, low engagement reduces performance and profit. And under the current circumstances, many companies can't afford to let those drop."

Organizations that had more engaged employees during the recession— i.e., four engaged employees to every one actively disengaged employee—had 2.6 times more growth in earnings per share than organizations with a smaller ratio of engaged to disengaged.

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JAMES K. HARTER, PH.D.

GALLUP'S CHIEF SCIENTIST OF WORKPLACE
MANAGEMENT AND WELL-BEING



Improving The Employee Experience— It's Now Or Never

Leadership, not workers, added operational value, and because of this, management considered workers to be easily replaceable and rarely, if ever, thought about the “employee experience.”

Today things are dramatically different. Now it's workers who create the intellectual property, brands, software, and services that make their companies valuable.

Organizations have largely moved away from viewing their people as dispensable and can agree that engaged employees have a more positive influence on the company's performance.

During the industrial era, organizations needed hard-working, cheap labor to be successful.

Now it's workers who create the intellectual property, brands, software, and services that make their companies valuable.

Numerous studies have shown the benefits of engaged employees include:

21% ↑

**GREATER
PROFITABILITY**

Highly engaged teams show greater profitability.

59% ↑

**MORE
INNOVATION**

Engaged employees said their job brought out more innovation.

59% ↓

LESS TURNOVER

Companies with engaged employees have better retention.

41% ↓

FEWER ABSENCES

Engaged employees are absent less.



30%

**HR Leaders
Agreed**

**Employee
experience was a
business imperative
for 2020**

With the numerous bottom-line benefits, organizations are starting to place more importance on culture building. A recent Gartner survey found that one-third of HR leaders said that employee experience was a business imperative for 2020.

But even as leaders recognize the benefits, most companies struggle with the aspects of the employee experience that help to attract, retain and maximize their people.

Company executives have been looking in the wrong direction and focusing on the wrong things. It's an innocent mistake. Most organizations simply do what's always been done, and while that may have been effective in the past, times have changed. Organizations need to follow suit.

A People-Centered Culture, The Start Of A Passionate Workforce

Companies may say they are people-centric, but when disruption occurs and the organization and its people are under stress, organizations often turn to familiar, non-people-oriented, measures.

In an economic downturn, for example, many companies' first instinct is to cut costs, often in the form of layoffs, rather than considering how to help their employees help the company.

To some leaders, it may sound futile, but doubling down on a commitment to people can actually help organizations power through rough times.



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**By turning to
employees for
suggestions**

Consider CHG Healthcare. In 2009, it, like many organizations, needed to make financial cuts. But seven years earlier, the company implemented a “putting people first” initiative, and leadership made a crucial decision that the downturn wasn’t going to affect the company’s commitment to that goal.

“It was a challenging year of great uncertainty, but by turning to our employees for suggestions, we managed to find more than \$2.5 million in cost savings,” explains Kevin Ricklefs, CHG Healthcare’s chief culture officer. “We actually increased profits, although very modestly, in a year in which our sales decreased. Most importantly, we did not have to lay off employees that year and instead used attrition to lessen the number of employees. Our team discovered that we could make our culture more recession-proof and succeed in any market condition by working together. CHG was able to save jobs and help employees by being transparent, creative, and fearless. As other companies scramble to prepare for a potential recession, the lessons we learned from 2009 can help them create recession-proof cultures, too.”

Ricklefs said that the keys to emerging from the recession on a solid foundation include: communicating with employees, getting their feedback to establish priorities, cutting unnecessary perks, keeping employees engaged, building teams, and helping people grow.



The What and Why of a Passionate Company

Organizations have begun to understand the importance of having a purpose their employees can get behind. But having a purpose is not enough. What companies need is passion.

A passionate company comes out of having a group of passionate employees. Passionate employees are those people who care about the company's strategies and tactics; they are involved and curious, and routinely question what the company is doing and how they can help to make it successful. In other words, they are intrinsically motivated.

Building a team of passionate employees takes time. You can start by helping your employees be happier at work. Happiness is correlated with engagement, which transforms into passion. Simply helping your people feel happier will impact your business positively.



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Happy employees:

ARE MORE PRODUCTIVE

Research has found that happier employees use time more efficiently so they are able to work faster with the same quality.

ARE BETTER TEAMMATES

Studies show that happy employees are more collaborative and more motivated to achieve common goals with others.

ARE BETTER LEADERS

In addition to being better teammates, happy employees are better leaders and are more motivational, make better business decisions and possess critical leadership skills.

WANT TO GET BETTER AT THEIR JOBS

Challenging work makes people happy. At the same time, they are happy when they feel a sense of progress.

ARE BETTER FOR YOUR BRAND

Previous research has shown a connection between employee wellbeing and customer satisfaction, but a Harvard Business Review study found a correlation between an improvement in a company's Glassdoor employee rating and its customer satisfaction scores.

WANT TO STAY AT COMPANIES THAT HELP THEM STAY HAPPY

Employees who find deep satisfaction with their work, coworkers, and company are less likely to leave, so retention increases. It can appear that some people are simply born this way and others aren't, but in reality, organizations can do a lot to bring out the passion in their employees. It begins with the employee experience, but it doesn't end there.





Besides being known for its fast delivery and generous return policy, the online retailer Zappos is legendary for its customer service. Early on, the company understood passion was a key component to serving their customers well, and it's reflected in their core values.

Zappos CEO Tony Hsieh's passion for customer service permeates the organization, and employees adopt similar feelings. You've likely heard a story about a Zappos customer service rep who went beyond problem-solving and ended up wowing the customer (and everyone else)—sending flowers after learning that a customer's mother had died, making sure a groomsman received a replacement pair of shoes in time for the wedding after the original ones were delivered to the wrong address, or staying on the phone with a lonely customer for ten hours. These responses aren't reflective of rules— they are born from an innate feeling of responsibility and ownership to make customers happy.



6 ways to develop a passionate company

01 Prioritize a culture that makes people feel good

The best companies inspire the best performance from their people by creating conditions where people want to do their best.

In the past, business leaders often downplayed the importance of culture, dismissing it as “soft” because it isn’t something that is easily seen or measured. Today, however, companies almost universally agree that culture is a critical driver of success for an organization.

Culture – which is made up of shared purpose, beliefs, and values – plays a major role in what people do and how they do it. While that may seem clear, this may not: the internal/invisible being states largely drive the external/visible doing so they need to be cared for as much, if not more so, than the external doing.

In many cases, if you help people feel good, performance naturally happens. Likewise, if people don’t feel good about their work, no amount of incentives, rewards, punishments, commission plans, etc., will drive the outcomes year after year.



02 Think about performance differently

Performance is an outcome or byproduct; it is not something that can be managed directly. Therefore if you're practicing "performance management," you're already focusing on the wrong thing.

Many organizations aim for work-life balance, and many leaders believe they shouldn't care about what their people are doing outside of the office. The reality, however, is that we have just one life, and work is a big part of it. It is unreasonable to think that issues in one area of a person's life won't affect the other areas.

Leaders need to be responsible for people's lives outside of work. It is far more powerful to show empathy, care, and understanding. When leaders commit to making sure their people thrive in all areas of their lives, work performance naturally follows.

03 Help individuals become better versions of themselves

Nearly 80 years ago, psychologist Abraham Maslow conceptualized a hierarchy of needs. As a humanist, he believed every human has an innate desire for self-actualization— i.e., to be their best self—provided their fundamental needs are being met.

People first need to feel safe; then, they need to feel accepted. When these needs are met, individuals are naturally more open, curious, and ready to contribute. When these needs aren't met in a workplace, you'll see negative consequences, such as, gossip, internal politics, information withholding, because people are trying to protect themselves.

15Five uses a methodology called Best-Self Management to maintain a culture that promotes psychological safety, helps everyone work in their zone of genius, and be and become their best selves.



04 Set clear goals

When a company and its leaders aspire towards a common goal, success isn't merely achievable, it's the natural result. Connecting ambition to purpose is how the impossible becomes attainable, especially in the workplace. Through the use of company Objectives and Key Results (OKRs), many leaders have successfully created high-performing teams who feel engaged and fulfilled at work.

Leaders must connect people's work to a deeper purpose through their company mission. While increasing revenue, adding MQLs, or improving customer NPS are all important places to focus, most people are driven by impact, not numbers. In other words, the Key Results are measurable and the company Objectives are what's meaningful and inspirational.

05 Recognize and acknowledge employees

Feedback and recognition are the vehicles that drive performance and growth for employees and companies alike. When leaders highlight the strengths of people at a company, they are far more engaged, productive, and creative. There are clear and measurable positive impacts to the bottom line.

We are often our own worst critics, and many of us work each day with no objective way of knowing how we are doing. One might think that this is a good thing, since an employee who is worried about his or her performance will always strive to do better. But people who work in perpetual fear get stressed out and frustrated, which locks up the flow of creative ideas and lowers motivation.

Regular recognition of a job well done unwinds this tension for the individual and boosts morale collectively. You can generate more revenue and increase productivity and efficiency across the board by simply complimenting specific examples of excellent work.



06 Maintain a growth mindset

Thanks to the work of Carol Dweck, we now know that when an entire company embraces a growth mindset (the belief that talents can be developed as opposed to being fixed, innate gifts), their employees feel more empowered and committed. Comparatively, when companies encourage competitive environments, people withhold information, don't ask for feedback, and innovation suffers.

In growth organizations people are continually growing, developing, and becoming the best version of themselves. And by switching your focus to the growth and development of your people, your company will gain the ability to experience a true win-win by inspiring—not forcing—high performance. This is the magic of intrinsic motivation.



2x

Those that had high numbers of engaged, enabled, and energized employees had operating margins twice as high as those without.

Can Culture Really Make a Difference? You bet.

A 300,000-person study by The CultureWorks looked at companies between 2007-2009 to measure their success during the downturn. Those that had high numbers of engaged, enabled, and energized employees had operating margins twice as high as those without.

“Passionate workers are committed to continually achieving higher levels of performance,” noted a 2014 report by Deloitte. “In today’s rapidly changing business environment, companies need passionate workers because such workers can drive extreme and sustained performance improvement—more than the one-time performance ‘bump’ that follows a bonus or the implementation of a worker engagement initiative. These workers have both personal resilience and an orientation toward learning and improvement that helps organizations develop the resilience needed to withstand and grow stronger from continuous market challenges and disruptions.”



Maintaining A Positive Culture Through Tough Times

Organizations have made tremendous progress in their people policies since 2008, but that doesn't mean they're staying ahead of employee expectations.

More and more people are entering the workforce wanting to contribute and feel that they belong. That desire won't stop just because the Dow Jones dipped.

Companies need to consider their people now more than ever. In bad times, good employees may still leave, but the bad ones often won't. It's a natural instinct to "hunker down" and "shelter in place," but companies that do that put themselves in danger—more at risk of contracting than expanding or recovering. In contrast, organizations that summon up the ability to be brave in this time of uncertainty, who commit to a full on pursuit of becoming a passionate company, face a brighter future.

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About 15Five

15Five is a continuous performance management solution that helps employees grow and develop, in just 15 minutes each week. Through a lightweight weekly check-in, 15Five delivers everything a manager needs to impact employee performance, including continuous feedback, objectives (OKR) tracking, recognition, 1-on-1s, and 360° reviews.

To learn more, visit www.15Five.com