



the human era @ work

Findings from The Energy Project and Harvard Business Review

2014

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reinventing the workplace: a note from Tony Schwartz

It's a depressing but undeniable reality: the vast majority of employees feel depleted, diminished, disenfranchised, demoralized, and disengaged at work.

And it's getting worse. In a world of relentlessly rising demand and complexity, the great unsolved puzzle of the modern workplace is how to tap into more of people's potential so they can perform sustainably at their best.

Here's the conundrum: how people perform is inextricably connected to how they feel, but interior life remains terra incognita in most companies. The unspoken expectation is that employees will set aside their needs in order to get their work done.

We've valued people for what they can produce, but paid very little attention to what it takes to be sustainably productive. Instead, for 200 years, since the dawn of the Industrial Age, the model for how to work has been the machine, and more recently, the computer. More, bigger, faster remains the prevailing mantra.

Machines are valued for their speed, efficiency, and predictability. They make no demands. When they break, they can be repaired or replaced. Computers run even faster and do more. The assumption in organizations has been



that people ought to be able to operate in the same way.

The problem is we can't. Unlike machines, human beings are designed to pulse regularly between spending and renewing energy. While machines can run on one source of energy, people have four core energy needs: physical, emotional, mental, and spiritual. It's time to usher in the Human Era at work. In the Human Era, leaders take better care of their people, so people can take better care of their business.

In today's knowledge-driven economy, the best measure of productivity is no longer how much time people invest. Rather, it's how much energy they bring to whatever hours they work - and the value of the work they produce as a consequence. The challenge for employers is to free, fuel, and inspire their employees to bring more of their potential to work every day.

Paradoxically, getting more out of people depends first and foremost on investing more in them. That's the primary lesson The Energy Project team has learned in working with thousands of people, across dozens of companies, during the past decade.

It's also the overwhelming message from the nearly 20,000 people we surveyed during the past year about their experience in the modern workplace. The better people's needs are met, the more healthy, happy, engaged, productive, and loyal they become. Take care of them, and they'll take care of business.

The background image shows a modern office building's interior atrium. It features multiple levels connected by glass-enclosed stairs. The architecture is characterized by clean lines, a mix of dark and light materials, and a prominent use of blue lighting, which creates a cool, futuristic atmosphere. The overall composition is dynamic, with the perspective drawing the eye upwards through the various levels of the structure.

**Most companies
are failing to meet
the needs of their
employees.**

meeting people's four core needs at work

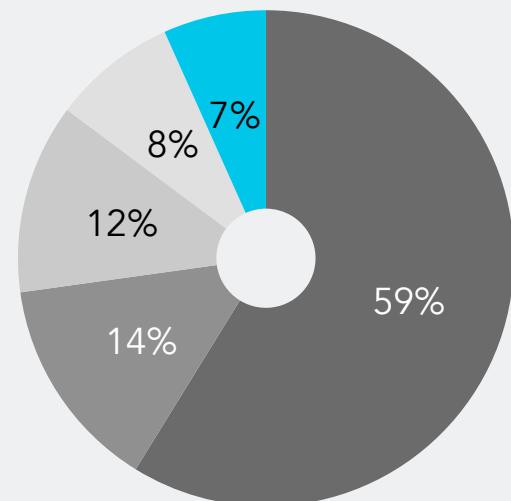
In partnership with the Harvard Business Review, The Energy Project set out last fall to assess the factors that most influence how people feel at work, and how they perform as a result. What emerged from The Quality of Life @ Work study of 20,000 employees in dozens of countries around the world is that they have four predictable core needs at work: physically, to rest and renew; emotionally, to feel cared for and valued; mentally, to be empowered to set boundaries and focus in an absorbed way; and spiritually, to find a sense of meaning and purpose in their work.

Since the dawn of capitalism, time for money has been the core value exchange between employees and their employers. It no longer serves either party well. Paying for people's time is no guarantee you'll also get their energy, engagement, focus, or passion. Conversely, no amount of money people get paid is sufficient to meet their core needs.

For much of the past two decades, the key factor associated with higher performance has been engagement. More than 200 studies have now confirmed a direct and powerful relationship between the level of employee engagement and company performance. In its 2012 Global Workforce Study, Towers Watson found that companies with the lowest level of engagement had an average operating margin of 10%. Those with traditionally high engagement scores had a margin of 14%.¹

Engagement has traditionally been defined as "the willingness to expend discretionary effort on the job." But willing, it turns out, is no longer a guarantee of able. With the increased demands created by technology and a more complex global economy, even the

Only 7% of people have their core needs met at work.



- No Core Needs Met
- One Core Need Met
- Two Core Needs Met
- Three Core Needs Met
- Four Core Needs Met

source: November 2013 – June 2014, What Is Your Quality Of Life @ Work? HBR.org & The Energy Project (n=19,900+)

most engaged employees are running on empty.

The Towers Watson study found that "sustainably engaged" employees - those who have not only the willingness but also the physical, emotional, and social energy to invest that extra effort - have operating margins almost double those of traditionally engaged employees.² Our own research suggests that it's equally critical to actively promote mental and spiritual well-being.

The Human Era calls for a new kind of leader, whose most fundamental role is to serve as Chief Energy Officers, responsible for mobilizing, focusing, inspiring, and regularly recharging the energy of those they lead.

In the physical dimension, that means ensuring that team members effectively balance intense effort with real renewal, not only in the evenings, on the weekends, and during vacations, but also intermittently throughout the workday.

Emotionally, the charge to leaders is to truly care for those they lead – not just by regularly recognizing and appreciating them for their accomplishments, but also by holding their

value while delivering critical feedback, and by believing in their capacity to exceed their own expectations.

Mentally, effective leaders create an environment in which employees are empowered to set clear priorities and firm boundaries, so they're able to focus in an absorbed way on immediate, tactical work, to take sacrosanct time for creative and strategic thinking, and to work flexibly, in ways that best suit their needs.

Finally, in the spiritual dimension, the best leaders define a clear and compelling vision and a set of values that inspire team members – while serving themselves as role models who walk their talk.

Employees Identify Their Unmet Needs



* neutral answers have been omitted

source: November 2013 – June 2014, What Is Your Quality Of Life @ Work? HBR.org & The Energy Project (n=19,900+)

the findings: physical

The key need in this dimension, and often the least valued in modern organizations, is renewal. Unlike machines, human beings are designed to pulse – meaning to move rhythmically between work and rest. Four critical behaviors serve renewal: sleep, daytime rest, fitness, and nutrition.³

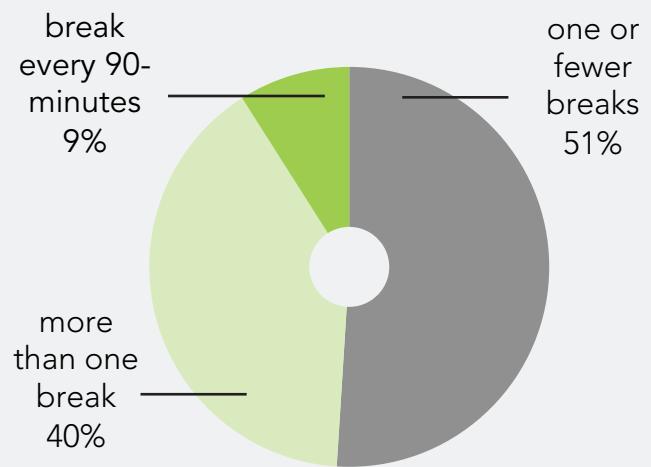
- **Daytime rest:** The work of Nathaniel Kleitman demonstrates that the human body moves in 90-minute ultradian cycles throughout the day, during which we move from higher to lower alertness.⁴

Unfortunately, the *Quality of Life @ Work Study* found that only 49% of employees take more than one break during the day. Those who take at least a brief break every 90 minutes reported a 28% higher level of focus than those who take just one break, or no breaks at all.

These employees also reported a 40% greater capacity to think creatively and a 30% higher level of health and well-being. Feeling encouraged by one's supervisor to take breaks increases peoples' likelihood to stay with the company by 81%, and also increases their sense of health and well-being by 78%.

Employees who work at least 55 hours, compared to those who work 40 hours or less, report feeling 21% less engaged and 27% less focused.

how many people take breaks



employees who take a break every 90 minutes report:



40%
greater ability to think
creatively



30%
higher level of health and
well-being



28%
better focus

source: November 2013 – June 2014, What Is Your Quality Of Life @ Work? HBR.org & The Energy Project (n=19,900+)

the findings: emotional

Once people's physical needs are met, the next organizational challenge is to fuel emotional energy. How people feel profoundly influences how they perform. Very specific emotions are associated with high performance, and they can be actively and intentionally cultivated.

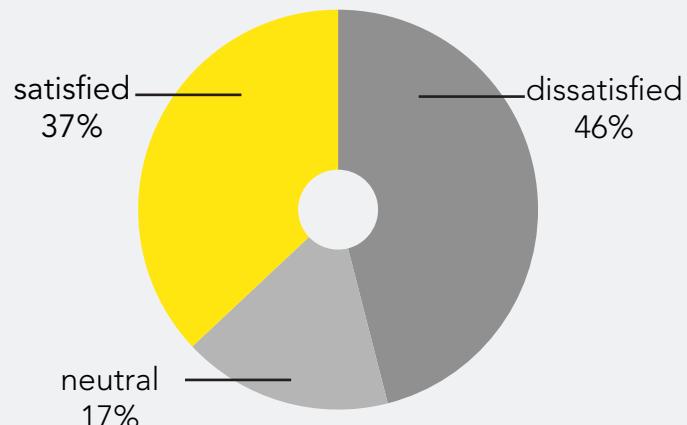
Our study uncovered two critical variables for fueling emotional energy: a feeling of enjoyment and satisfaction, and a sense of safety and trust.

- **Enjoyment and Satisfaction:** Only 37% of respondents said they were satisfied in their jobs, but those who did reported being 54% more able to focus and 2.3 times as engaged. Only 30% of respondents said they had the opportunity to do what they enjoy most at work, and those who didn't reported being 38% less focused, 49% less engaged, and 57% less likely to stay with the organization.

- **Safety and Trust:** Only 29% of respondents feel a sense of safety and trust at work; only 25% of respondents feel they can give their leader honest feedback; and only 21% reported receiving feedback in a way they can

hear. Respondents who felt they didn't receive useful, digestible feedback reported 34% lower engagement, 33% less focus, and a 47% lower likelihood to stay with the organization.

how many people are satisfied in their job



feeling satisfaction with one's job is associated with:

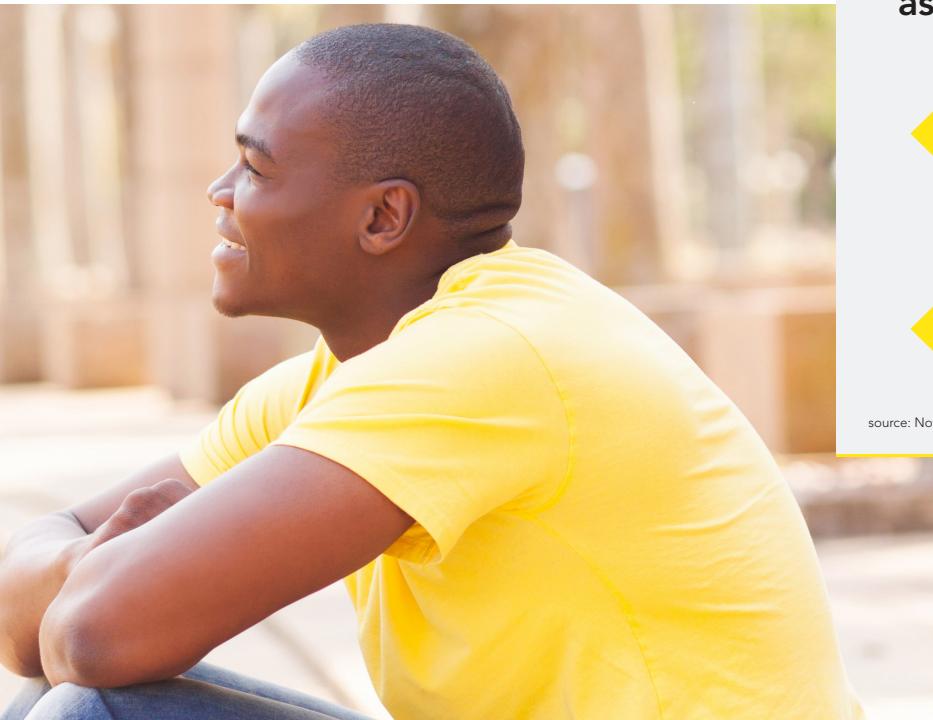


125%
greater engagement



54%
better focus

source: November 2013 – June 2014, What Is Your Quality Of Life @ Work? HBR.org & The Energy Project (n=19,900+)



the findings: mental

Focus and prioritization are a primary source of pain in organizations today, and technology is the primary cause. Never before have we been subjected to so much incoming information, so continuously, and with so much expectation to respond instantly.

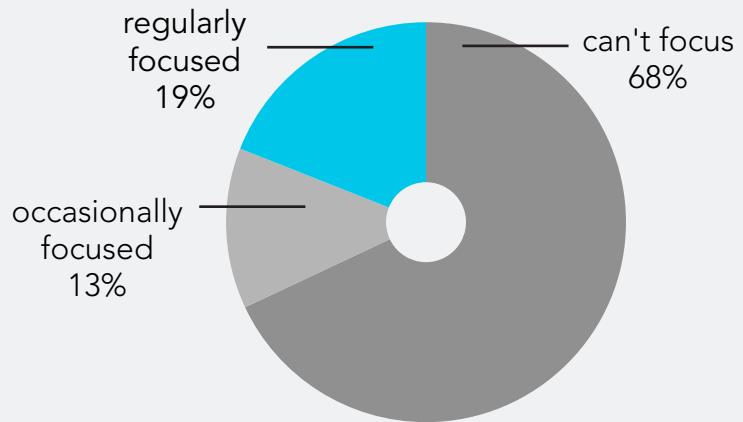
In a much-cited study, Gloria Mark, a researcher at the University of California, Irvine, looked at workers at two high-tech firms and found that on average, they spent eleven minutes on any given project, during which they spent only an average of 3 minutes per task.⁴ At the same time, the researcher David Meyer has found that when human beings juggle multiple tasks, it takes significantly longer to finish each of them.⁵

The Energy Project's study backed up both of these findings. Very few respondents said they are able to focus in an absorbed way on their highest priorities, but those who can experience a variety of positive performance effects.

- **Focus:** While only 19% of respondents said they were able to consistently focus their attention on one thing at a time, those with the highest level of focus reported being 29% more engaged. Only 16% of respondents said they regularly allocated time for creative and strategic thinking, the lowest number for any behavior in our survey. Those who allocate such time are 83% more likely to stay with their organization.
- **Prioritization:** Only slightly more than 1/3 of respondents said they were able to effectively prioritize their tasks, and less than a quarter of them said their own leaders set clear priorities and stayed focused on them.

Those who were able to effectively prioritize reported being 48% more engaged and 89% more likely to stay with their organization.

how many people are focused



the highest level of focus is associated with:



29%
greater engagement

source: November 2013 – June 2014, What Is Your Quality Of Life @ Work? HBR.org & The Energy Project (n=19,900+)

the findings: spiritual

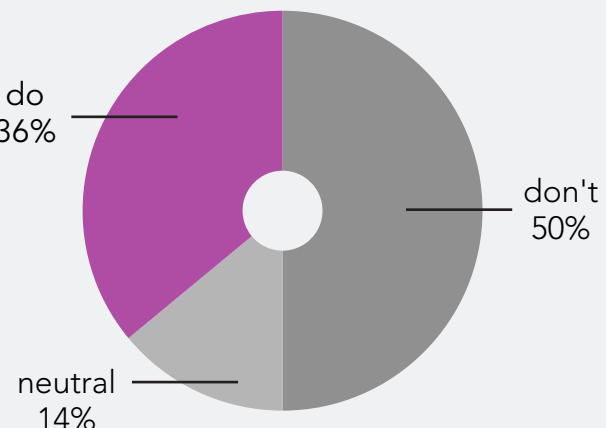
No single factor in the study influences people's job satisfaction and likelihood to stay at an organization as much as feeling connected to their company's mission, and finding a sense of meaning and purpose in their work.

- **Mission:** Most companies fall far short of communicating their mission to their employees in a clear and compelling way. Only 34% of respondents said that they felt a connection to their company's mission, and those who didn't feel such a connection were 62% less likely to stay with their employers and 45% less engaged.



- **Meaning:** Deriving a sense of meaning and significance from their work had the highest single impact of any variable in the survey. Employees who did find meaning in their work also reported being 2.8 times more likely to stay with their organization, 2.2 times more satisfied with their jobs, and 93% more engaged.

how many people derive a high level of meaning from work



deriving a higher level of meaning from work is associated with:



93%
greater engagement



177%
greater likelihood to stay
with the organization

leaders at work

Leadership behaviors in every dimension have a significant impact on employee energy, sustainability, and performance.

Physical: To fuel the highest levels of performance in the physical dimension, leaders must both encourage and model sustainable work behaviors. For example, more and more companies are building fitness facilities and even

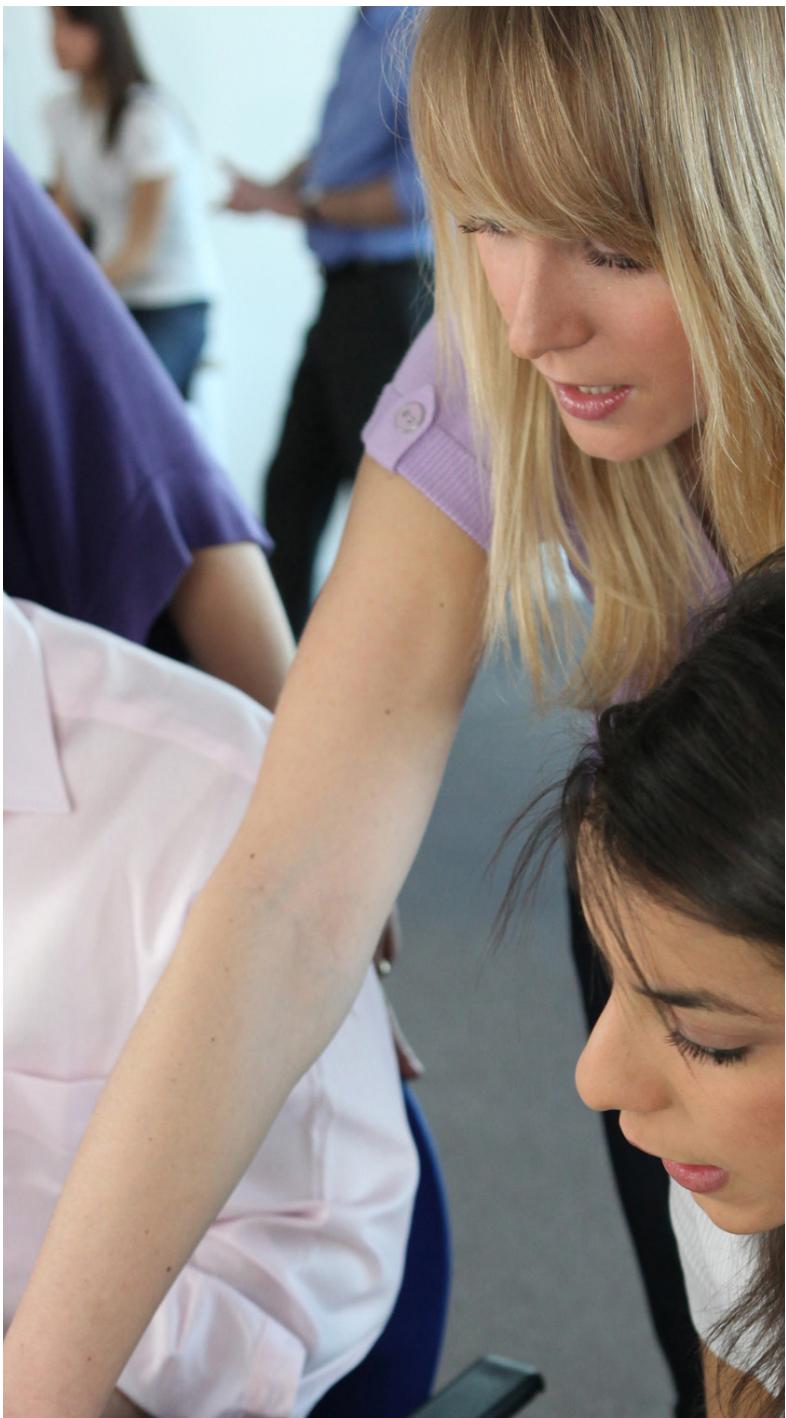
nap rooms but when leaders don't make use of them, employees are understandably reluctant to do so themselves. The result is that many well-equipped gyms sit largely unused during work hours. Perks that ought to be generating positive energy and renewal among employees can end up instead prompting frustration and resentment.

Only 17% of respondents in our survey reported having a leader who encouraged them to take regular renewal breaks throughout the day. Those who did, reported being 40% more engaged, 54% more satisfied with their jobs, 51% more able to prioritize, and 81% more likely to stay with their organization.

Emotional: For leaders, the key to fueling emotional energy is to be optimistic and positive, and to consistently make team members feel valued, respected, and appreciated.

The three leadership characteristics that had the biggest impact on all performance variables were 1) treating employees with respect, 2) recognizing and appreciating them, and 3) being positive and optimistic.

Treating employees with respect has a bigger impact on their sense of safety and trust, and their ability to focus, than any other leader behavior. Employees who felt their leaders treated them with respect were 63% more satisfied with their jobs, 55% more engaged, 58% more focused, and 110% more likely to stay with their organization. Those who felt recognized and



appreciated by their leader reported 53% higher focus, 58% higher engagement, and a 10% higher likelihood to stay with the organization.

Leaders perceived as positive and optimistic have a contagious impact on their employees. Employees with positive leaders reported 54% higher engagement, 71% more enjoyment at work, 2.5 times more trust and safety, and a 105% higher likelihood to stay at the organization. They also report 2.2 times the level of meaning and significance at work, and 55% more focus, suggesting how profoundly positive behaviors in one domain have a spillover effect into others.

Mental: In the mental dimension, as in all dimensions, leaders must focus on both modeling and support. For example, if leaders regularly send out emails in the evenings and over the weekends, it's a near guarantee that their direct reports will feel compelled to read and respond to them. Even when leaders say they don't expect responses on weekends, their behavior speaks louder than their words.

A comparable problem occurs when leaders have the expectation - explicit or unspoken - that employees will respond immediately to emails sent during the workday. The consequence is that employees are repeatedly distracted from their ongoing work. Sure enough, only 19% of our respondents said they were regularly able to focus on one thing at a time, and only 16% said they allocated sacrosanct time to creative and strategic thinking.

Spiritual: Purposeful leaders have an especially powerful influence on their employees. Only 20% of employees reported having a leader who communicates a vision that is clear, consistent, and inspiring. Those that did reported being 70% more satisfied with their jobs, 56% more

engaged, and 100% more likely to stay with their organizations.

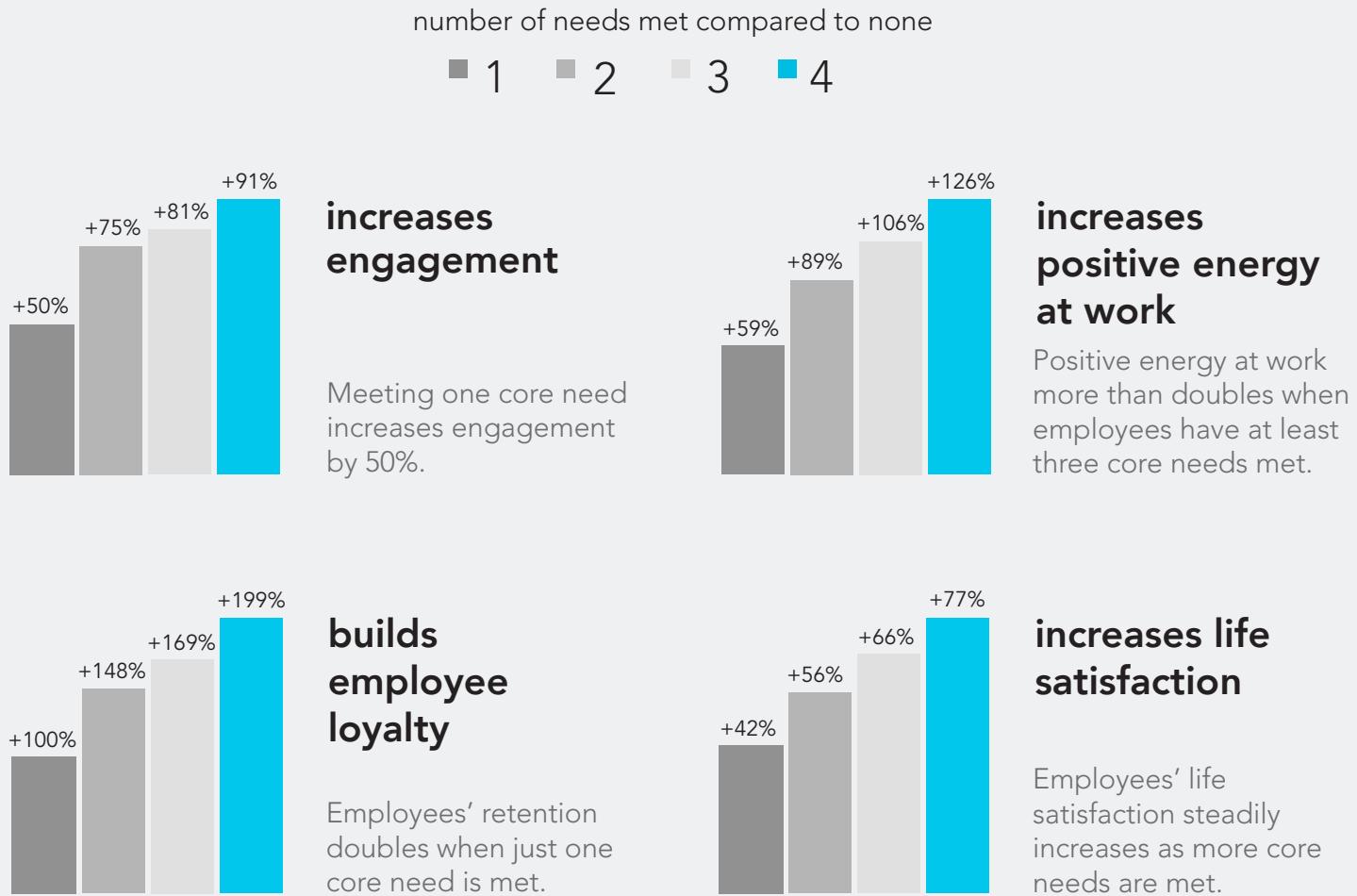
Leaders set the tone for the energy of their team members. If they model positive practices, it increases the likelihood that their team members will follow suit. When leaders actively support more sustainable ways of working, the result is a significant positive impact on every performance variable.

Only 21% of our survey respondents told us that their leaders model sustainable work practices.

Employees who work for these leaders are 51% more engaged, 68% more satisfied at work, and 100% more likely to stay at the company.

how meeting core needs affects employees

The more needs employers meet— physical, emotional, mental, and spiritual— the more their people's performance variables improve.



source: November 2013 – June 2014, What is your quality of life at work? HBR.org & The Energy Project (n=19,900+)

Workers at all levels in our survey are sending employers a clear message. If sustainable high performance is the goal, don't seek to get more out of us. Rather, invest more in helping to meet our core needs, so we have the energy we need to tap our full potential.

It's a new value proposition: Take better care of us and we'll take better care of business.

about the survey

The Energy Project partnered with the Harvard Business Review to release the Quality of Life @ Work assessment, a 56-question survey designed to examine the world of work: organizational policies, practices, and mindsets, leader behaviors, and the feelings and responses of employees, at all levels, within those companies. The survey was conducted online through HBR.org from November 2013 through June 2014 and included responses from nearly 20,000 employees working in organizations of all size, at all levels in over 25 industries. See a breakout of the respondent profile below or visit theenergyproject.com for more information.

respondents at a glance



20,000+
global respondents



25
industries



all
career levels

industries

Software/Technology
Consulting
Education
Manufacturing
Financial Services
Not for Profit
Healthcare

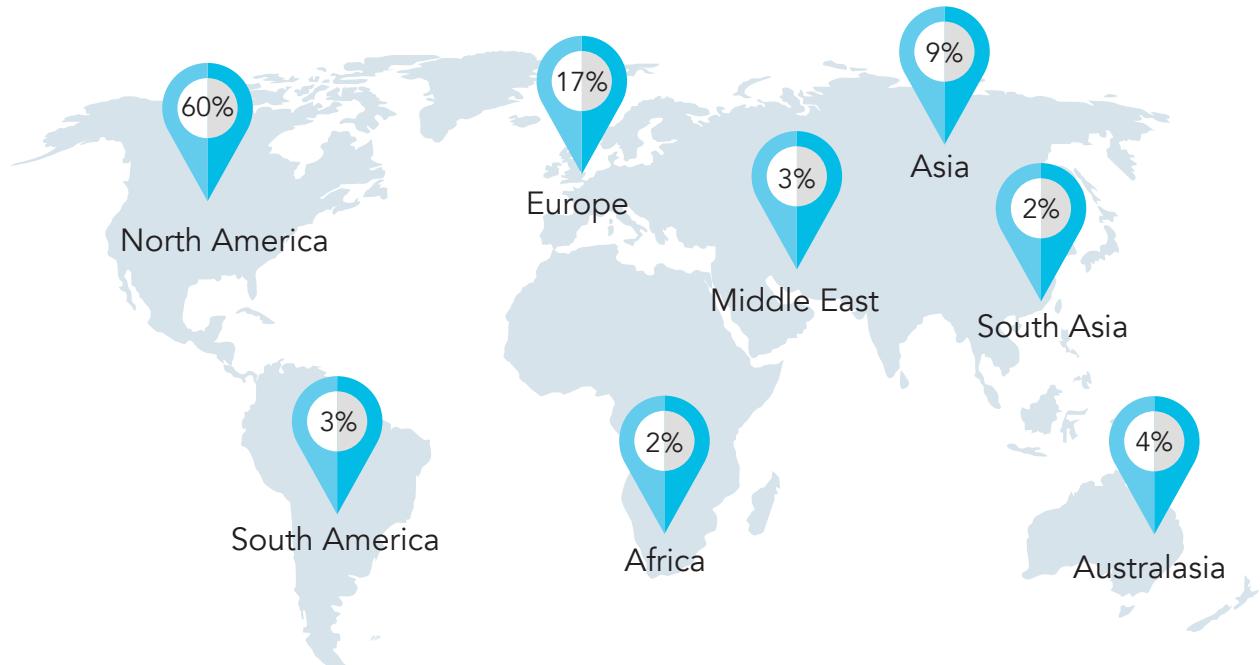
Government
Academia
Retail
Insurance
Pharmaceutical
Biotechnology
Accounting

Finance
Legal
Transportation
Web
Real Estate
Entertainment
Publishing

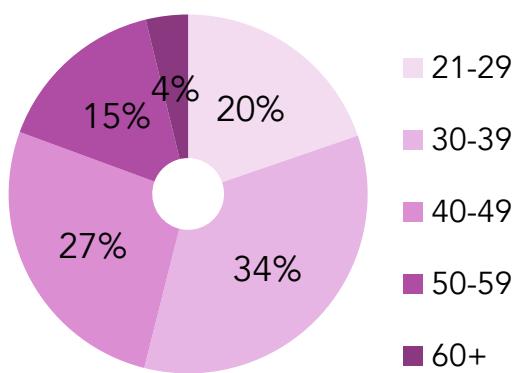
Travel/Tourism
Food Service
Wholesale
Medical devices

respondent profile

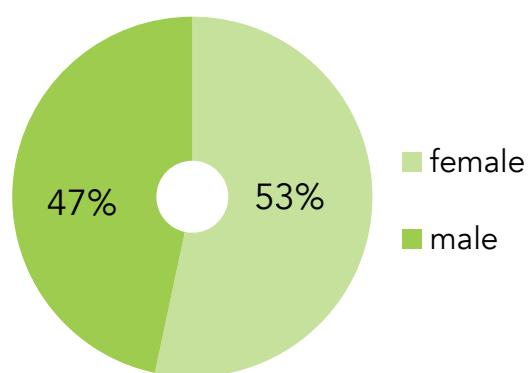
locations



age



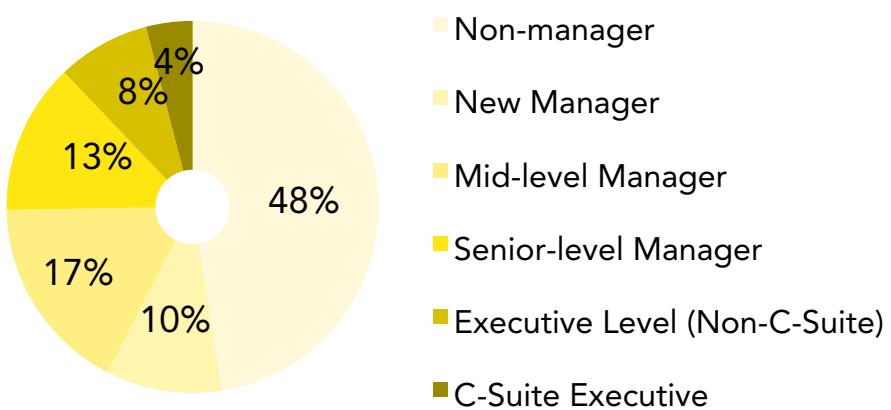
gender



company size



career level



about The Energy Project



The Energy Project is a consulting and training company that provides organizations with a detailed roadmap for building and sustaining a fully energized workforce. By focusing on all aspects of the organization, The Energy Project helps uncover the key obstacles they face in fueling sustainable high performance, and then systematically address their challenges. At the organizational level, The Energy Project works with senior leadership to build the policies, practices, facilities, and messaging necessary to

energize employees. At the same time, we help leaders and managers become "Chief Energy Officers," by taking responsibility for mobilizing, focusing, inspiring, and regularly renewing the energy of those they lead. For individual employees, we create small communities of practice in which participants support one another in more skillfully managing their energy on and off the job.

For more information about The Energy Project, visit theenergyproject.com.

SOURCES

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