CHAPTER 1

The Ultimate Driver of Organizational Performance

How healthy are you? How healthy are your people? How healthy is your organization?

These are vitally important questions—the answers to which determine the limits of your life, your team's effectiveness, and your organization's success. These questions are interrelated. Your team and your organization have a direct impact on your own health and well-being. And your organization's performance and success are dependent on the health of its people. This symbiotic relationship between your people's health and your organization's health and performance may seem like a no-brainer. You might be thinking, "Of course that would be the case." But in our research and experience in working with organizations over several decades, we find that very few organizations act on this understanding. If they do make some effort, we find that employees are typically offered some sort of wellness or workplace well-being program. These might be useful, necessary even, but not sufficient. And more importantly, they fail to address the organization's strategic opportunity in organizing itself and developing more ways of working that actually promote and support employee health.

What if leaders seriously entertained the idea that higher performance is a result of businesses organizing around their people rather than people having to organize around the business? We have taken as fact that the way to increase productivity and profit is through an absolute adherence to Taylorism, the management theory made popular by Frederick Taylor that is characterized by standards, being mechanistic, inflexible, and precise. These ideas have made a significant contribution to our understanding of organizations and productivity; they have their place. However, the wholesale shift to this organizational mindset has its limits and isn't without cost. We find that an adherence to old ways of working and relating results in a decreased sense of personal purpose and accomplishment, less role and strategic clarity, and disconnection and lack of control over one's work environment. It's unfortunate, as organizations then

must invest in programs and interventions just to address the problems that this mindset created in the first place!

A people-centered workplace might seem like a tough shift to make. If you're a leader, manager, or small business owner and looking to realize increased effectiveness with your people or productivity and financial results, reimagining how to organize your business and its culture seems like a bigger project than you might have the appetite for. The usual way of managing and leading may be tempting, but if you have picked up this book, we imagine that you're open to making a shift in mental mindset and aligning your behaviors to achieve outsized business gains and, concurrently, have a more authentic and fulfilling experience as a leader. In other words, it's worth the investment of creating a healthy place to work, and the energy you put into this will yield significant returns. This book aims to equip leaders with a road map and tools to make a demonstrable impact with their people and their organization. We argue here that rather than work and the workplace being the cause of disease, dysfunction, and limited performance, a healthy workplace is the key to unlocking the full value of your people and your organization.

When we ask the question, "How healthy is your organization?" we often hear from our clients' employees that it's not or maybe it's "sort of." Rarely do we hear that they work in a consistently and reliably healthy workplace. Employees at all levels will describe how it is difficult to balance competing demands at work or that their contributions aren't fully valued or that they don't feel like they belong. Sometimes their manager takes credit for their ideas, or they are given unachievable deadlines within a regular workweek, or there is little role or strategic clarity. One leader shared with us, "I'm wiped out and exhausted by the end of the week, and so I need the weekend to recharge, but that's difficult to do because I have family responsibilities on the weekend too."

DEFINING "HEALTHY WORKPLACE"

A healthy workplace is one that incorporates a strong sense of alignment to organizational values and purpose. The leaders and managers in healthy workplaces role-model a supportive and healthy workplace culture. They also support people in being the best version of themselves. They give employees opportunities to contribute their best and create an inclusive and just workplace. Employees in these workplaces feel like they have a strong supply of productive energy. They operate in an energizing physical environment, and they have a similar level of energy at the end of the day as when they started. They can attend to the demands of work and their families and communities

with equitable attention. They also have healthy relationships at work, and they often feel like their work just flows.

You'll notice that this expanded definition is more than just physical health. Quite often, leaders think *health* is equivalent to *physical health*. In reality, that is just the beginning. When we look at healthy organizations, we find there is a clear sense of purpose. There is a way in which employees are aligned with the organization, both in terms of values and how their work contributes to the larger whole. *Health* is also made manifest in how the organization bolsters employees' mental resilience. The organization encourages a learning mindset and encourages employees to grow and expand their contributions. Work requirements are manageable, and employees have control over how they work. Healthy workplaces encourage connection. Employees feel like they belong and can develop authentic, productive relationships. Beyond inclusion, healthy workplaces do not tolerate racist or sexist behaviors or ways of engaging that are oppressive or unjust. These and other aspects of a healthy workplace will be explored further later in this book, but you'll note that we are taking a much larger lens when we think of *health*.

Key to understanding all of this is that our work affects our health, and in turn, our health affects our work. In some organizations, this reciprocal relationship creates a virtuous cycle whereas in other organizations, the relationship creates a vicious cycle. The symbiotic nature between worker health and organizational performance is something that will be explored throughout this book.

For managers and leaders who understand that the biggest driver of organizational performance is developing and maintaining a healthy workplace, decreasing whatever organizational friction exists and increasing employee well-being yields a powerful flywheel effect. The upside value to business can be substantial in terms of increased worker productivity, decreased sickness absences, reduced health care costs, and a compelling employer brand that attracts and retains talent (see www.hsph.harvard.edu/ecpe/the-business-benefits-of-a-healthy-workforce/). Research into the business benefits points out that healthy workplace cultures are 1.9 times more likely to innovate effectively and 2.8 times more likely to adapt well to change. (See https://joshbersin.com/2021/10/the-healthy-organization-the-next-big-thing-in-employee-wellbeing/.)

KNOWING VERSUS DOING

We find that many managers and leaders *think* they see how this works, and yet our experience is that they *act* counter to their understanding. Perhaps it is

because leaders are looking at this problem entirely the wrong way. It may be an issue of awareness and knowledge of what health really is and understanding the individual and collective impact on organizational success. We'll discuss the science of well-being in Chapter 13 and what we've learned about this area; it is broader and deeper than most people think. We'll also differentiate this idea from the current wellness, well-being, and lifestyle trends that we see. They're related but not the same.

Perhaps, however, it is something more intransigent than knowing what to do. Perhaps the disconnect between "if we provide a gym and a mindfulness app, we've covered our bases" and then sending out an email at 10:00 p.m. at night is more of a "knowing-doing gap" as Jeffrey Pfeffer and Robert Sutton call it (see www.gsb.stanford.edu/insights/knowing-doing-gap). As leaders and managers, we know that our actions have both intentional and unintentional consequences and that how we integrate an understanding of health into our own personal models of leadership needs to be refined and sharpened. The bigger issue is how we act or execute on our understanding—in real time—to support employees' mental, emotional, financial, and physical health. Perhaps, though, our organizational systems are intentionally designed to be unhealthy. Our business processes, policies, procedures, and practices—our workplace culture—aim to support the opposite of employee health and well-being. This is a tougher problem to solve, for sure, but it is vitally important for leaders and managers that this be examined and addressed. You can't be healthy in an unhealthy and toxic work environment. At the same time, an organization can't be healthy (and all the tangible value that brings) with a workforce that isn't healthy. It doesn't work that way.

If the goal of leaders is to enhance organizational capabilities and performance and not simply decrease "unnecessary costs," then focusing on creating and sustaining workplace health is a useful core strategy and organizing principle. Creating an organization that is healthy and employees who are healthy is good for people and good for business (see www.hsph.harvard.edu/ecpe/the-business-benefits-of-a-healthy-workforce/). While we haven't experienced healthy workplaces with unhealthy employees in our consulting work, such workplaces could theoretically exist. Employees might have life circumstances or face other issues that produce unhealthy habits and behaviors. More often the case, we see healthy employees in unhealthy workplaces. Over time, however, employees experience negative health outcomes, disengage, or—if they are resilient—leave the organization for someplace less toxic and more supportive. A lot of our work, unfortunately, is focused on unhealthy workplaces that have unhealthy employees. Not only are individual health outcomes low but organizational performance is not as strong as it might otherwise be. Even if the financial results are solid in the short term,

longer term the organization will have to address the problematic voluntary turnover of key talent, diminished ability to innovate, and the inability to move with agility to support new business opportunities. (For more information, see https://hbr.org/2020/06/times-up-for-toxic-workplaces and https://business.kaiserpermanente.org/insights/mental-health-workplace/workplace-stress-business-problem-getting-worse.)

The purpose of this book is to equip leaders with a road map or playbook of sorts—one in which you can center creating and sustaining workplace health as a core strategy and reap the benefits by enhanced organizational capacity and performance.

MODELING THE HEALTHY WAY

"Your health is your wealth," as the saying goes. Do you start work each day refreshed and ready to jump in? Do you get sufficient rest, and do you have good energy throughout the day? Are your relationships at home, at work, and with friends generative and nurturing? Do you have the opportunity to bring the best of you to work? Are you encouraged and recognized for doing so? Do you believe you can manage home and work demands and pressures in a fulsome, integrated, and healthy way? We find that most of us aren't able to give an emphatic "yes" to all of these questions. While this book is not about individual health and well-being per se, one item in our research has an outsized effect on whether employees experience their organization as healthy: senior leaders demonstrate healthy behaviors.

The significance of role-modeling the right behaviors is hard to understate as employees observe what is important and what is encouraged. We unconsciously and consciously mirror individuals and groups around us. Leaders and managers are uniquely positioned to influence behavior, given their inherent power and authority. Beyond their authority, elements of rational, social, or emotional techniques (Bacon 2011) can be learned and utilized by managers and leaders to influence employees in living healthier, connected lives. Leaders and managers can also improve workplace health by nudging employees toward certain decision choices that promote a wellness culture.

While the vast majority of adults self-report that they feel healthy or lead a healthy lifestyle, a recent study indicated that only 3% of Americans actually live a healthy lifestyle. And a "healthy lifestyle" was defined as moderate exercise, having body fat of less than 20% if you're a man or 30% if you're a woman, a good score on the Healthy Eating Index, and not smoking. Europeans didn't fare much better. A similar study indicated that only about 6% of adults across

20 countries had a healthy lifestyle (see https://research.unl.pt/ws/portalfiles/portal/11656704/Marques_Am_J_Hea_Prom_2018_1.pdf). The bar is not particularly high, and yet most of us are failing to address basic issues of physical health. But our overall health is simply not a function of our physical health.

If we turn to include mental and emotional health, we find that most of us struggle with varying levels of stress and anxiety (42% of women and 35% of men report feeling burned out often or almost always; see https://time.com/6101751/burnout-women-in-the-workplace-2021/). A more recent study by job aggregator Indeed (www.indeed.com/lead/preventing-employee-burnout-report) found that 52% of respondents experienced burnout, partially owing to the stresses of the recent COVID-19 pandemic.

A culture of overwork, stress, and burnout is not limited to North American and European workers. It is a global phenomenon. In East Asia, for example, Japanese workers have been working 60-plus-hour workweeks for decades. "Death by overwork" is actually a term in East Asia: *karoshi* in Japan, *guolaosi* in China, and *gwarosa* in South Korea. A 2016 Japanese paper on karoshi by Kamesaka and Tamura found that working more than 60 hours per week significantly increases the risk of karoshi for males, while the threshold for females is about 45 hours. Because Japanese women tend to bear more of the burden of housework, when housework is added to working time, women face a serious risk of karoshi. Thus, a fuller picture of our own health suggests that we are more likely to be stressed out, tired, anxious, and physically unhealthy than not, and it can lead to devastating consequences.

With the recent COVID-19 pandemic, our lives were upended. Many of us couldn't work from home. Instead, we had to physically show up for work somewhere, putting at risk our own lives, our families, and our co-workers. This created a different level of fear and stress that scientists are still trying to understand the effects of. For those who could work from home, that brought with it a different set of challenges. Isolation and loss of connection coupled with an "always on" expectation that was more constant than pre-pandemic created new mental health challenges. Many of us juggled being a parent with children learning from home, while attending to the demands of a changed work environment and workday. Millions of people around the world lost their jobs and incomes and were worried about how to pay the rent or mortgage and put food on the table. And, of course, millions of people lost their lives.

To be sure, our lives weren't stress-free nor were most of us engaged in a physically healthy lifestyle before the pandemic. In the Western world, the push and pull of our daily lives, unrelenting social media and social pressure, political tensions, economic changes, and so on have resulted in increasingly poor health outcomes. Layer in disparate health outcomes based on gender, race,

and socioeconomic status, and the complexity and challenges just increase. And for many of us in other parts of the world, struggling economies and political upheaval bring with it another level of health challenges. In short, the pandemic just enhanced the already existing dread and burnout many people were facing.

All of this is cumulative, both for us individually but also collectively. If we step back and examine the impact at a macro level, we find that although people are living longer (today most people in the world can expect to live as long as those in the very richest countries in 1950; see https://ourworldindata.org/life-expectancy), we are living with and managing an increasing range of diseases. The world's biggest killer is cardiovascular disease, making up a total of 27% of global deaths (see www.who.int/news-room/fact-sheets/detail/cardiovascular-diseases-(cvds)). Not only is cardiovascular disease the number one killer in the world, but it is also the most expensive disease, costing governments, business, and individuals billions of dollars annually. That cardiovascular disease is largely preventable suggests that there is a significant opportunity to significantly improve health outcomes.

It is broader than cardiovascular disease, however. There exists a great body of research that an enormous percentage of health care costs stem from chronic disease, which also includes diabetes, circulatory disease, and hypertension. And research also underscores how much of that is caused by stress. McKinsey research (www.mckinsey.com/mgi/overview/in-the-news/good-health-is-good-business) highlights that poor health costs around 15% of global GDP from premature death and lost productive potential. The cost to business is tremendous. Role-modeling the way is the first step toward creating a healthy organization.

DEMONSTRATING CARE AS LEADERS

Besides role-modeling healthy behaviors, the other distinguishing feature we see from the healthiest workplaces are managers and leaders demonstrating caring behaviors for the well-being of their employees. This demonstration goes beyond the occasional check-in or spending the extra 60 seconds to invite a conversation on how employees are doing, but making an intentional effort to increase the level of trust and connection that you have with your people. It requires active listening and creative problem solving. In the healthiest workplaces, it means putting aside the rules of "this is what is available" in order to fashion a meaningful solution that centers on an employee's well-being. It means thinking through how to fit work around the person rather than the person around their work.

In most organizations today, leaders typically are stretched such that pausing to really consider the impact and implications of work demands on employee well-being is rarely an option. Leaders don't feel like they have the time given the push and pull demands of their role. For some leaders, asking these broader and deeper questions of their people, and then finding solutions that work for them, hasn't been a part of their repertoire. One senior manager confided to us, "I don't even know where I'd begin." For some leaders, the thought that this would even be a consideration doesn't really compute. Individual lives and needs that are not directly related to work product is outside work—a variation on "address your personal problems on your own time." However, leaders who are on the cutting edge of cultivating healthy workplace cultures understand that the personal affects the business and vice versa. Our lives can't be segmented and the boundaries defined so clearly.

The other issue that we find in our work is that most of this "caring stuff" has become the province of human resources. This is primarily how wellness or well-being programs were delegated (or relegated) to HR to begin with. It allows managers to redirect employees to the employee assistance program (EAP) or human resources department. And human resources, to manage a large population, creates rules, guidelines, boundaries, and policies that work for most but not for all. It's important for managers and leaders to understand the capacity of the organizational system to support employee health and well-being (and their own health and well-being). Without adding to labor costs, most organizations can expand beyond their present boundaries—akin to a balloon that can usually take in more air and expand a bit further. The challenge is equipping managers and leaders to engage employees in conversations that matter.

Aaron Antonovsky was a sociologist whose work concerned the relationship between stress, health, and well-being. He coined the term *salutogenesis* based on research of how Holocaust survivors coped with the stress they experienced. Despite going through the dramatic tragedy of the Holocaust, some survivors were able to thrive later in life. The discovery that there must be powerful health-causing factors led to the development of salutogenesis. For our purposes here, it's important to note that the workplace has the potential to be salutogenic or pathogenic. It's not "all or nothing" because the workplace is not free from tension or stress, and there is going to be conflict as goals and resources are contested. There are always going to be fewer resources than the need for resources. And that's not really the issue here. Managers and leaders can go a long way in creating "shock absorbers" so that people know how to cope with what the typical workplace throws at them. And managers and leaders can help better answer the question that Antonovksy asked: "How can this person be

helped to move toward greater health?" When we do that, we leverage one of the biggest influencers of employee health and performance.

WHY TALK ABOUT HEALTH NOW?

Workplace health has long been an issue. In fact, historians trace workplace wellness back to Italian physician Bernardino Ramazzini (1633–1714), who is believed to be one of the first to write about the effects of work exposure on workers and was interested in the possibilities of taking preventative measures (Gainer 2008). Dr. Michael Rucker notes that workplace wellness was generally an afterthought for most organizations up until the 1950s, when employee assistance programs (EAPs) started to be offered in many organizations to address alcoholism and mental health issues (https://michaelrucker.com/well-being/the-history-of-workplace-wellness/). Certainly, EAPs have helped a great many people, but again, EAPs are an organizational intervention to address a symptom for which the organization itself is sometimes the cause. Jennifer Reardon (1998) notes that in the 1970s, workplace wellness programs were developed as the financial responsibility for health care, at least in the United States, moved from the government to businesses. These programs were largely seen as a way of maintaining or decreasing costs. It also coincided with the occupational health and safety movement, both in North America and many Western European countries.

In the early 2000s, smoking cessation programs, stress management, and nutrition programs became more commonplace in organizations. The idea here was to target high-risk groups, again in an effort to reduce health care costs. Leaders thought this was a beneficial use of resources, but many of these programs were unsuccessful in achieving the goal of reduced costs. This ushered in a change in approach from targeting specific groups to offering all employees wellness programs. The target of the intervention was still on employees and less on changing the organizational culture or how leaders led. More recently, organizations and government agencies have increased the number of disease management programs, corporate wellness programs, stress reduction and management, and health promotion programs. While all of this has been helpful, it has largely been insufficient to the task at hand. The current state can largely be summed up by Robert Chapman, CEO of Barry-Wehmiller, who reportedly stood in front of 1,000 other CEOs and said, "You are the cause of the health care crisis."

Given this, a new approach to workplace health is required—one that centers employee health and well-being as a business strategy, not an HR

program. It comes at an opportune time. The recent COVID-19 pandemic has exacerbated several trends that were already in place. The first is the desire for employees to have more control over their work lives—how, when, and where work gets done. And a recent McKinsey study (www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19) highlighted that upward of 25% of workforces in advanced economies could work from home between three and five days per week without a loss in productivity. The second trend has been for employees, particularly millennials and gen Z workers, to take periodic sabbaticals and exit the workforce (see www.cnbc.com/2022/05/18/what-gen-z-and-millennials-want-from-employers-amid-great-resignation.html). The third trend is a shifting psychological contract between employees and employers. The employer-employee psychological contract is the unwritten, intangible agreement between an employee and their employer that describes the informal commitments, expectations, and understandings that make up their relationship. Recent changes to this contract suggests a larger dynamic is at play.

Remember when your parent or grandparent had a job for life? They worked at one company their entire career and collected a gold watch and a pension when they were ready to retire. That was their employer-employee psychological contract. In the 1980s that contract changed dramatically after companies downsized, "right-sized," and reengineered many dedicated employees out of their jobs. Loyalty on both sides vanished, and job hopping became the norm. The psychological contract between employer and worker shifted dramatically.

Then, in the midst of the 2008 economic downturn, millions of jobs were shed again. When multinationals started to recover, they hired contract workers or temporary employees. For many people, being a part of this gig economy became the way forward. It was a win for businesses because they could moderate their staffing based on needs and requirements as well as save on worker benefits. Again, the psychological contract changed, making it less likely that a worker could rely on a business.

Now, with the COVID-19 pandemic, we once again find ourselves with millions of workers globally out of work, and for millions more, they have "had enough" and are exiting the labor force in the Great Resignation. The psychological contract is changing again, and how employees are viewing their employers is fundamentally changing. The new contract is characterized by a desire for improved work-life balance, flexibility, empathic leadership, diversity and inclusion, and matching values. (See www.hrexchangenetwork.com/employee-engagement/articles/renegotiating-the-psychological-contract-for-the-post-covid-world.)

The result of all this is that we find ourselves in a massively altered world. Most managers and leaders are struggling with how to find a foothold in this new business landscape. There are more jobs than available workers, and even if that dynamic changes, and the labor market evens out (and it likely will), and leaders can find the best talent to deliver value for the organization, employee expectations have changed. Employees expect that health and safety come first. The pandemic has put their health and the health of their families in a whole new light. Flexibility and time and the ability to work a hybrid schedule (for office employees) is more important than strict monetary benefits. And employees wanted to be treated as human, with full lives. They expect their managers to treat them with that kind of respect, rather than just assets in a transaction. Employees now see the risk to themselves and their families quite differently.

Finally, at a macro level, the big problem is that to be healthy you must be wealthy, because governments can no longer help meet the demand for services and we, therefore, need another solution to these global health crises. The next most powerful institution in society, after the government, is business. And as life expectancy continues to increase in much of the industrialized world, the responsibility and financial burden of taking care of citizens will shift to businesses and to individuals. Governments are becoming less able to finance the health and related costs of their citizens. Therefore, business leaders will need to step forward and lead on this issue. The wonderful thing is that it is in their short-term and long-term interests to encourage public health, and the ones that lead first will get the biggest benefit. Businesses can move the dial on employee health and make a real and significant difference in people's lives.