

CHAPTER 1

The Heart of Leadership

Developing genuine gratitude involves carefully observing what employees are doing, walking in their shoes, developing greater empathy, and sincerely trying to understand the challenges they face. It is about seeing good things happening and then expressing heartfelt appreciation for the right behaviors.

—ADRIAN GOSTICK and CHESTER ELSTON
Leading with Gratitude

ASK YOURSELF THIS question: Do I need encouragement to perform at my best?

We've asked this question countless times in our leadership workshops, seminars, and classes, and at first the answers surprised us. Initially, we expected almost everyone to answer yes.

We were wrong. Less than half of the people we asked raised their hands, agreeing they needed encouragement to do their best. Puzzled, we asked them to tell us why.

They told us that they didn't *need* encouragement. After all, they weren't children anymore; they were adults and could do their best

without being encouraged. They believed they could take personal initiative and responsibility without anyone cheering them along. Needing encouragement somehow implied that they couldn't perform well unless someone was around to praise them and tell them they were doing a good job.

These responses made us intensely curious. How could it be that research studies show that performance is higher among leaders who are more encouraging of others, and yet the majority of people were telling us they didn't *need* it?

Hmm. Perhaps we were asking the question the wrong way. So we reframed it: "When you get encouragement, does it help you perform at a higher level?" This time, nearly everyone said yes.

And then it was only a matter of logic to make the connection (remembering that in mathematics, if $A = B$, and $B = C$, then A must also equal C). If it's true that nearly everyone agrees that when they receive encouragement, it boosts their performance, then it must also be true that everyone *needs* encouragement. Of course, not everyone needs the same amount, variety, frequency, quality, or type of encouragement. But every leader who wants to improve performance and engagement must give it in some form. In the coming chapters of this book, you'll find empirical evidence to support this assertion. Simply put, encouraging others positively impacts them and the work they do.

Starved for Recognition and Purpose

Here's another question: "Do you like to be taken for granted?"

No one anywhere has ever raised their hand and said yes to this question. No one. So if no one likes to be taken for granted, and everyone needs encouragement to perform at their best, why do so many people think that positive affirmation is unnecessary?

One explanation is that people don't experience enough encouragement to realize its importance. Most employees don't get much recognition for a job well done, and most managers don't give it. With nearly two-thirds of Americans indicating that they never get recognized for outstanding individual performance, it is no surprise that almost four out of five employees who quit their jobs say that the failure of their management to recognize their performance—a lack of appreciation—was a major reason.¹

Contrary to what employees report, 80 percent of employers cite compensation as why people leave their jobs. Yet only 12 percent of employees say that's why they quit. Some surveys have found that money comes in dead last when ranking the 23 most common motivators for leaving a position (true regardless of age).² Other studies find that employees who don't feel valued at work will leave for no pay increase.³ One study found that if employees receive four or more "touchpoints" of positive feedback in a quarter, retention rates increase to 96 percent over the next year.⁴ It's all about feeling seen and valued. People want their leaders to notice and acknowledge when they do excellent work. If they don't experience that, they're more likely to leave voluntarily.

For those employees who report the highest morale, more than 94 percent agree that their leaders are proficient at recognition. In contrast, only 2.4 percent of those with low morale indicate they have a manager who is great at recognition.⁵ Meanwhile, the probability of great work is 18 times more likely when employees are recognized at work.⁶ Companies that are most effective at recognition enjoy a return on equity (ROE) more than three times higher than the returns experienced by least effective firms.⁷ And yet, while 50 percent of managers say they give recognition for high performance,⁸ less than 20 percent of employees report that their supervisors express appreciation "more than occasionally."⁹

Think about it for a moment. You bust your butt to get that shipment out early or make the customer feel special, or invent a way to fix that troublesome glitch in the product, and you *never* get even a thank-you. This happens too often to too many of us—and even perhaps to all of us at one time or another. People need to feel appreciated by their managers

and see that their efforts matter and that their work makes a difference. Otherwise, they wonder, “Why should I bother caring about my work?” “Does what I do matter to anyone?” “Should I show up today or just call it in (virtually or not)?”

Recognition ignites a sense of purpose and meaning in what and why people do what they do.¹⁰ When people find a sense of purpose and meaning in what they do, they are two to six times more likely to stay with their company in the long term.¹¹ Research studies also reveal that employees’ experience of meaning in their work is intrinsically linked to innovation.¹²

“Why should I provide recognition?” managers ask. After all, “Isn’t this what we expect them to do?” “Aren’t they just doing their job?” Or “Isn’t this what we pay them to do?” Sometimes it also feels that “No one tells me I’m doing anything special, so why should I, in turn, tell anyone else that?” Or “I’ve never felt the need to have anyone tell me that I’m doing something special, so I assume the same is true for everyone else.”

Paul Moran¹³ echoed these sentiments at one time in his managerial career. “In the past,” he told us, “I usually neglected to celebrate my team’s accomplishments (and my own accomplishments) because I personally never placed much importance on this aspect of the job for myself. I tended to forget about recognizing the accomplishments of others. Rather, I treated their accomplishments as part of their normal job, which required no unique acknowledgment.” Paul’s reflection helps to explain why researchers find such a significant gap between how people expect to be recognized and acknowledged at work and their actual experience.¹⁴

When Paul left his job for a new position with a different company, he took another look at the importance he was giving to recognizing others and celebrating successes. On reflection, he realized that recognition made a difference to others in their relationships with him and their work responsibilities, so he decided to change his leadership practices. To remind himself of the importance of overt recognition, he developed a priority list of ways to recognize others. When his team achieved a key milestone, he would go around and personally shake the hand of every project team member.

He would take several key team members out to lunch and make phone calls to all members to thank them personally for their efforts in the project. He invited people to a small office party where cake and coffee were served.

Soon after implementing a more encouraging leadership approach, Paul saw productivity increase, absenteeism decrease, and a more robust human bond develop between coworkers and himself. Furthermore, his job became easier as individuals working with him began taking greater initiative. Fostering a more collaborative environment led to better communications, with fewer conflicts between staff members. While these celebrations and recognitions required a lot of extra effort, Paul felt that he should have done this earlier and more often in his career.

We can all do a lot more. We *must* do a lot more because if this issue is not addressed, both productivity and well-being will suffer considerably.

Opening Ourselves Up

There's more to explaining why we don't give and receive more encouragement than the assumption that it's part of the expected job performance. That's too easy an answer; it doesn't get to the root of the problem.

Expressing genuine appreciation for the efforts and successes of others means people have to show their emotions. You have to talk about your feelings in public. You have to make yourself vulnerable to others. For many of people—perhaps most—this can be uncomfortable, tough, and even terrifying.

Take the case of Joan Nicolo, a general manager with a financial services company. Encouraging the heart was particularly challenging because she was uncomfortable praising people publicly. Yet Joan knew her direct reports deserved and needed to be acknowledged for their work. Being a conscientious person who recognized that acknowledging others was an essential leadership skill, she started asking herself what was holding her back. On the surface, it seemed such a simple task, so what was the big deal?

Encouraging the Heart

After considerable soul-searching, Joan developed some theories about what she saw as shortcomings in her leadership abilities. For one, she feared others would think she was playing favorites if she praised one person. She also felt that praising and encouraging activities took too much time. It was just another item to add to her already burgeoning list of responsibilities. She was also worried that being a “cheerleader” perpetuated stereotypes of female managers and that people would view her as “warm and fuzzy,” diminishing her reputation and competence. But the more she thought about it, the more she realized that her team deserved to be recognized and to know that she appreciated what they were bringing to the organization. She was determined to break through her resistance and try it.

At their next staff meeting, during a presentation, she made a particular point of thanking people publicly for fostering the collaborative spirit of the project they were working on. She told us that this simple action felt great to her and to others: “I found that my spirit was lifted. They felt appreciated, and I felt they had received the credit they deserved.”

While Joan felt vulnerable opening herself up and thanking the group, she knew she’d established a human connection with her colleagues that hadn’t been there before and would prove highly beneficial in the months ahead. Communication was more open afterward, people felt safer sharing their experiences, and even Joan felt far less guarded than ever before. This was a real turning point for her.

In the following weeks, she brought much more of herself to her work relationships, and people responded with a new level of enthusiasm for her leadership. She began to see all of the people with whom she worked in a different light. She could focus on getting the job done and enjoy a human bond with everyone around her. She felt more energetic than ever when she was in the office, and at the end of the workday, she felt increasing satisfaction with what she’d accomplished. At first, it wasn’t clear how these changes would affect productivity. Would they translate into anything that benefited the company? In a relatively short time, she saw that this new way of relating brought her group together as never before, fueling an esprit de corps that spurred them on to give their personal best whenever an extraordinary effort was required.

Contrary to her worst fears, nobody got jealous when she praised one person or another, and the time it took to show her appreciation was well worth it. Summing up the experience, she said, “I learned that openly celebrating successes is essential to building and sustaining a unified team. Never again will I underrate the importance of encouraging the heart, of visibly appreciating others and their efforts in my future leadership experiences.”

A Secret Revealed

We’ve all been deceiving ourselves for years, operating according to myths about leadership and management that have prevented us from seeing the truth.

First, there’s the myth of rugged individualism. There’s this belief that individualistic achievement gets us the best results. We seem content to believe that we don’t need others to perform at our best.

The fact is, people don’t do their best in isolation. Extraordinary things don’t happen when people are isolated from each other. That’s not how people make the best decisions, get the best grades, run faster, achieve the highest sales levels, invent breakthrough products, or live longer or more happily. Support, encouragement, expressions of confidence, and help from others are essential to achieving excellence.

We’ve also operated under the myth that leaders should be calm, aloof, and analytical; they should separate emotion from work. We’re told that real leaders don’t need love, affection, and friendship. “It’s not a popularity contest” is a phrase we’ve all heard often, along with “I don’t care if people like me. I want them to respect me.”

Nonsense.

Think about that statement for a minute. “I don’t care if people like me.” Really? Exactly who are the people they don’t care about? Is it family members? Friends? Neighbors? Colleagues at work? Managers? Direct reports? And if it’s any of those people, then the person who doesn’t care

Encouraging the Heart

should never be in a leadership role. If they already are, then we guarantee that individual will never receive the best performance or the highest levels of engagement from their constituents. The best leaders want to be liked, and they want openness from other people. Not caring how others feel and think about who we are and what we do and say is an attitude for losers that can only lead to less and less effectiveness.

Leadership is a relationship, and the quality of that relationship matters significantly. In many of the personal-best cases we collected people felt that encouraging the heart was the most important leadership practice “precisely because it’s the most personal.” It’s the practice that signals to people that you notice them. That you see them. That they matter to you. Leadership is all about people, and if you’re going to lead people, you must care about them. People who feel you care about them are more likely to care about you. They are unlikely to care about you if they sense that you don’t care about them. Period.

The Center for Creative Leadership (CCL) studied the executive selection process, and their results support the assertion that you must care. For example, in examining the critical variables for success for the top three jobs in large organizations, the number one success factor was “relationships with subordinates.”¹⁵

The widespread assumption is that those in management positions need to express control. So you might think that would be the factor that distinguishes the highest from the lowest-performing managers. But that’s *not* what the CCL researchers found.¹⁶ Instead, the single factor differentiating the top from the bottom was higher scores on *affection*—both expressing and wanting it. Executives in the top quartile of a 360-degree instrument behaved in ways that helped create a more open, safe, and concerned environment with their subordinates and coworkers. They got closer to people and were significantly more open in sharing thoughts and feelings than their lower-performing counterparts. Executives with strong relationship skills create environments where people are motivated to do their best. The impact of these behaviors paid dividends throughout the organization, as the research showed that subordinates of the highest-performing managers *two levels down* in the organization were significantly more satisfied

overall with their coworkers, supervision, top leaders, organization planning, ethics, and quality. Openness and affection clearly pay off.

Now, for the record, these managers were not without their rational sides. In fact, on another measure, they all scored high on “thinking” and their need to have power and influence over others. It’s just that these characteristics didn’t explain why managers were higher or lower performers.

These findings provide further evidence that the quality of the relationship between leaders and constituents is critical to workplace engagement and a leader’s effectiveness. Leaders high in both dimensions of affection want to get to know the people around them, and they want their constituents to do the same. They want to understand others. They show they care. They show others that they’re interested in them. They seek people out. They actively listen. They’re considerate of others. They build rapport with others. They support others. They show their concern for others.

These needs and actions enable a leader to have more empathy for others. Empathy is the ability to understand and share another person’s feelings, step into their mindset, and comprehend a situation from another’s perspective. Empathy is essential for leaders because it increases trust, communication, and a sense of worth for team members. Daniel Goleman, the researcher who popularized the concept of *emotional intelligence* (EQ),¹⁷ has said that of all the five dimensions of EQ, empathy is “the fundamental skill.”¹⁸

Surveys by the accounting firm EY report that “empathy is not only a nice-to-have quality but the glue and accelerant for business transformation in the next era of business.” The vast majority (88 percent) of respondents agreed that empathy leads to better leadership, inspires positive change within the workplace, enables trust among employees and leaders, and increases productivity. Their conclusion: “The modern workforce is crying out for empathy at the office—and if they don’t find it, they’ll seek it elsewhere.”¹⁹ What makes an empathetic workplace? We found that it’s an environment that promotes positive feedback, recognition, and consistent appreciation. It’s been shown that “when people feel regularly valued, they

Encouraging the Heart

feel part of a workplace community. Healthy workplace communities make everyday habits out of giving praise and offering gratitude.”²⁰

The evidence is clear that expressing affection and demonstrating empathy are vital to success, and people have a high need for it. It’s as if everyone is trying to hide something that everybody wants. As if there’s a secret and if it were revealed it would make people look soft, wimpy, or who knows what. It should not be a secret that *everyone really wants to be loved*.

In our conversation with a veteran high-tech executive Irwin Federman, he eloquently expressed to us what we know from the data. He spoke an essential truth about the *chemistry* between great leaders and those who follow them. Irwin spoke of love as a necessary ingredient in leadership:

You don’t love someone because of who they are; you love them because of how they make you feel. This axiom applies equally in a company setting. Using words such as love and affection about business may seem inappropriate. Conventional wisdom has it that management is not a popularity contest. I contend, however, that all things being equal, we will work harder and more effectively for people we like. And we like them in direct proportion to how they make us feel.

Gary Burnison, CEO of the global consulting firm Korn Ferry, affirms what Irwin said. In reflecting on his decades of working with leaders around the world, he writes:

For some, it comes down to two motivators—for love or for money. Money can rent loyalty, but it can’t buy it. Love wins out every time. People want to be loved and they want to belong—and the most potent rewards address both of these desires. They can be done through a sincere congratulatory e-mail, recognition on the next Zoom conference, or even a simple “thank you.” We can never say “I believe in you” too often.

I see you. I value you. You matter. You make a difference.
These powerful, affirming words mean one thing: you are loved. At a time when we need to lead with heart, what more is there to say?²¹

It's impossible to escape the message that if people work with leaders who encourage the heart, they feel better about themselves. Their self-esteem goes up. These leaders set people's spirits free, often inspiring them to become more than they ever thought possible. This, indeed, may be the ultimate mission as leaders.

You will have to navigate and eventually cross a nebulous boundary between yourself and your associates to awaken vitality in others. This will not always be easy because most of us have been raised to believe that it's crucial to maintain a buffer of "safety and good sense" between ourselves and the people who choose to follow our leadership. One of the most significant risks you take as a leader is losing the interpersonal safety zone. If you don't open up to others and express your affection and appreciation, you stay safe behind the wall of rationality. However, the research demonstrates that it doesn't have to be either-or. You have a mind *and* a heart. Both are meant to be used at work. You are more effective when you do. To use your mind and not your heart is to deny yourself the greatest satisfaction and success.

Just Say Thank-You

Opening up is more challenging for some people than for others, but significant psychotherapy is not required. It starts with what Robert Fulghum pointed out some years ago in his book *Everything I Ever Needed to Know I Learned in Kindergarten*²²: "Remember to say thank you!"

Study after study points out just how fundamental this phrase is. For example, there's a significantly higher volume of thank-yous in the most innovative companies than in low-innovation companies.²³ When creativity is recognized and praised, the speed of innovation increases.²⁴

Encouraging the Heart

Telling others their hard work and achievements are appreciated increases their willingness to continue putting forth more effort for longer than those who receive cash rewards.²⁵ Expressing gratitude also increases prosocial behavior, making people more willing to collaborate.²⁶

When asked what skills their managers might develop to be more effective, employees place “the ability to recognize and acknowledge the contributions of others” at the top of the list. Data from thousands of leaders across multiple industries find that “every measure of morale, productivity, performance, customer satisfaction, and employee retention soars when managers regularly provide recognition.”²⁷

These findings are not new news. In 1949, a famous study by Lawrence Lindahl asked employees to rank the intangible rewards of their jobs. Then their managers were asked to rank what they believed the employees wanted.²⁸ The highest on the employees’ lists were (1) feeling appreciated and (2) feeling that they were being informed about things happening. People wanted to be listened to. And what did their managers think this same group of employees wanted? They believed their employees would put good wages, job security, and advancement opportunities first. Most managers had no idea how highly their employees valued being appreciated and feeling informed and listened to.

You might say, “Well, that was more than seventy-five years ago, and much has changed in the decades since.” We would certainly agree with you; a lot has changed. But a lot has not. Researchers have repeated Lindahl’s study of employees and managers in the 1980s, 2000s, 2010s, and again in 2022. The findings have been remarkably similar each time.²⁹

What about the managers themselves? What were they looking for in the workplace, and how did they rank these intangible rewards? Like the employees they supervised, managers ranked being appreciated, informed, and listened to as the highest on their lists. But why should this surprise us? Managers, leaders, employees: everyone is human and has needs to feel that they matter, believe that those they work with appreciate their contributions, and are important enough to be informed on what is going on.

In a series of surveys, we asked people to identify the most essential nonfinancial reward they receive at work. The most common answer was a simple thank you. Personal congratulations are ranked as the most potent nonfinancial motivators identified by employees.³⁰ Researchers also find that those who practice “gratitude” compared to those who do not “are healthier, more optimistic, more positive, and better able to cope with stress. They are also more alert, more energized, more resilient, more willing to offer support to others, more generous, and more likely to make progress toward important goals.”³¹

Appreciation, acknowledgment, praise, a thank-you—some simple gesture that says, “I care about you and what you do.” That’s how you start. Whether in the form of a simple thank-you or an elaborate celebration, encouragement is feedback—positive feedback. It’s information that communicates, “You’re on the right track. You’re doing really well. Thanks.” To deny each other this gift of positive feedback is to deny increased opportunities for success.

Of course, there’s more to it than this. The next chapter examines two cases illustrating the fundamentals of encouraging the heart. We also learn the fundamental principles essential to offering genuine encouragement to others.

As you read further, remember this chapter’s essential message: Genuinely caring for people is at the heart of effective leadership.

