

Interview - Robert Levering

Alistair Schofield speaks to Robert Levering, co-founder of The Great Places to Work Institute

Your definition of a “great place to work” is “one where you trust the people you work for, have pride in what you do, and enjoy the people you work with.” What is the specific meaning of each of the terms in this definition?

My definition is based on interviews I’ve conducted at dozens of great workplaces throughout the world. I discovered that employees at these companies invariably talked about three issues. The first was that they had a high level of trust in management. By trust, they meant they believed what management told them; they thought management delivered on promises; they felt management genuinely respected them as people, not just as hired hands; and they thought management treated them fairly. At the same time employees of great workplaces also said they had great pride in their jobs and in the company itself. Finally, they all felt a great sense of camaraderie with the other people they worked with. That is, they said the company had a very friendly environment or, oftentimes, a place where they felt they could have fun.

Could you give me some examples about how credibility, respect and fairness improve the trust?

Trust involves the three elements you listed. Credibility involves employees’ opinions about management’s believability, competence and integrity. To build credibility, management must be transparent about information so that employees can ask questions and determine whether or not management is telling the truth. This is crucial because we simply don’t extend our trust to others unless we can rely on their word. In the workplace, this requires management to share information frequently and widely, but it must also be accessible to respond to questions. At most of the best



workplaces, senior managers regularly engage in question-and-answer sessions with employees. Many also extend other opportunities for employees to ask questions, such as through email or the company intranet.

Respect refers to how employees perceive management’s attitude toward them. First, this means showing appreciation to employees for doing good work. Respect also is shown by management doing its best to provide employees with the right tools and adequate training opportunities to help them grow. But it’s also important that employees feel that management genuinely listens to their ideas and suggestions and involves them in decisions about their jobs as much as possible. A good example is RM Sistemas, a Brazilian computer software firm, which actually conducts on-line voting among all employees to determine which new benefits policies are implemented.

The final trust issue is fairness. This is a bigger issue than pay, though fair pay is important. It also involves whether people feel that they are treated fairly when it comes to promotions or being given opportunities for challenging assignments. Nothing destroys trust more quickly than for management to act in ways that employees feel are unjust.

What kind of efforts should companies make in order to turn themselves into great places to work?

In every case that I have studied, the transformation of companies into great workplaces began with management improving its communications with employees to bolster its credibility. Typically top managers initiate new forums with employees where they make themselves more accessible to answering questions than in the past. They also act on issues that are brought up in these sessions, to demonstrate that they do listen and that they follow through on their promises. The second issue that these companies address is making sure that employees feel appreciated for their work. It is always amazing to me to see the importance of saying “thank you.” The workplace environment can change dramatically when management makes a concentrated effort to make sure that employees are shown sincere appreciation both informally and through regular programs to recognize the work that employees do. An outstanding example of this is Magazine Luiza, a Brazilian retailer, which shows its appreciation by featuring ordinary employees in its outdoor billboard advertising.

Can any company become a great place to work in a reasonable timescale?

The quick answer is yes. We have seen examples of all kinds of companies that have made dramatic turnarounds in their workplace cultures in as little as a year and certainly within three years. One of the best examples is Continental Airlines, which was not only a terrible workplace but also on the edge of bankruptcy when a new management team took over in 1994. Within three years, the company had made a complete turnaround financially, becoming a leader in the airline industry. But it had also become one of the best workplaces and was named to the *Fortune* list of the “100 Best Companies to Work for” in the US. It did so by concentrating initially on internal communications and

showing appreciation to employees. For instance, they rewarded all employees with a \$65 bonus each month that Continental ranked among the top three airlines in on-time performance. In a period of only three months, Continental jumped from last to first in the monthly on-time performance ratings among US airlines.

What is the relationship between a good environment of work and profitability of the companies?

Many recent studies have shown a high correlation between good workplace practices and financial success. For example, a Wall Street investment service recently conducted a study that compared the financial results of a portfolio of stocks of companies that have appeared on *Fortune* "100 Best Companies to Work for" with a portfolio of an established stock market index (Standard & Poor's 500). The results were dramatic. Money invested in the "100 Best" portfolio would have outperformed the S&P 500 by a ratio of almost five-to-one. Studies in Britain and Brazil have shown similar results. It is only common sense that when employees feel well treated, they will provide superior service to the customers,

which will mean more financial rewards for the company itself. In fact, FedEx, a company that has been on our *Fortune* "100 Best" list for the past seven years has a slogan – "People-Service-Profit" – that expresses this philosophy.

Any examples from great workplaces in the UK that people can learn from?

Sure, here are two examples from companies that have appeared on our 50 Best Workplaces in the UK list, as published in *The Financial Times*:

At Interior, a British construction firm that is #14 on the 2004 list, every employee is assigned a mentor for 12 months to ease her or his transition into the company. All employees attend an induction programme led by the chairman and chief executive officer. Health and safety training courses are mandatory before an employee achieves permanent status. Each employee has a personalised Training Pathway to be completed over two years. As one employee explains: "The company is more interested than most others in promoting further education and training at all levels."

At Morgan Stanley, an investment bank that holds the #36 spot on the 2004 list, employees are cared for with benefits that include two on-site restaurants, two health clubs, a medical clinic, dry cleaner, and back-up child care services - one of many initiatives set-up to promote better work/life balance. But what really keeps employees here is the sense among them that they are all seen as people first, not just employees. Phrases such as "we hire nice people", and "talent is more important than specific skill" indicate that managers at Morgan Stanley are willing to invest in people to help them grow and learn, and thus create a career for themselves. ☺

Robert Levering is the cofounder of the Great Place to Work® Institute, headquartered in San Francisco, which conducts "Best Workplaces" competitions in 25 countries throughout the world, including Argentina. He has written seven books about workplace issues and the corporate world, coauthors, with Milton Moskowitz, Fortune's annual "100 Best Companies to Work for" list.