

CONNECTING PEOPLE AND PURPOSE: 7 WAYS HIGH-TRUST ORGANIZATIONS RETAIN TALENT

Findings from the 2016 *Fortune* 100 Best Companies to Work For®



THE HIGH RETURN WHEN WORK IS MORE THAN “JUST A JOB.”



The issue of voluntary turnover is one of concern for managers in companies of all sizes and industries. However, at the *Fortune* 100 Best Companies to Work For®, voluntary turnover is just a fraction of their industry peers. What are these companies doing differently?

Based on our thirty years of research at Great Place to Work®, we know that the 100 Best Companies all have high-trust cultures, bolstered by tremendous levels of pride and camaraderie. This year, we decided to explore what factors, of the many that comprise a great workplace overall, were most closely associated with an employee's belief that they want to work at their company “for a long time.”

What we found is that among these great workplaces, more than any other factor, an employee's belief that their “work has special meaning: this is not ‘just a job’” is most closely associated with the desire to stay with the company, followed by the belief that “I make a difference here,” and “when I look at what we accomplish, I feel a sense of pride.”

This tells us that as a part of a high-trust, high-performance culture, connecting employees to a sense of purpose is a distinguishing factor related to the issue of retention.

In this report, we'll examine some of the ways the Best Companies inspire a sense of purpose and meaning across their employee population. Our hope is that in sharing these findings, companies of any size and industry can take action to strengthen employees' relationship to their individual jobs and to the company overall.

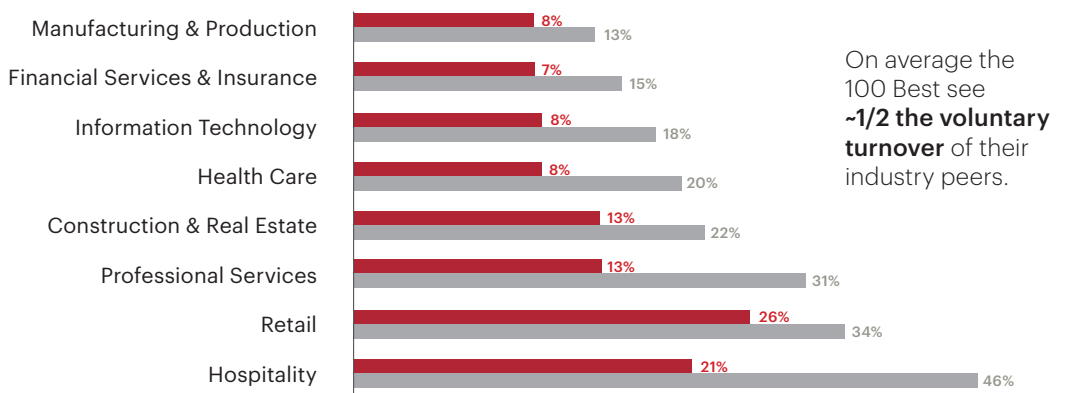
THE PROBLEM: VOLUNTARY TURNOVER

As any manager knows, high voluntary turnover is a problem you just don't want to have. Many people cycling in and out of a company not only erodes the culture, but is incredibly expensive. With the inevitable replacement costs, loss of organizational knowledge, loss of productivity, and much more, studies estimate that the average cost of turnover is 90% - 200%¹ of the exiting employee's base salary, and 12% of a company's operating budget.²

What's more concerning for managers is that between the ubiquitous war for top talent, the post-recession economy, and the increasingly flexible labor market, voluntary turnover or “quits” (as classified by the Bureau of Labor Statistics) is a problem that is only increasing for companies across the U.S. In 2013, the number of Americans who voluntarily quit their jobs was a little over two-million per month. Following a steady upward trajectory over the months, that number topped 3 million people in the last month of 2015.³

In stark contrast, employees who work in high-trust environments are more likely to stay put. Among the 2016 *Fortune* 100 Best Companies to Work For®, voluntary turnover rates are approximately half that of industry peers—in keeping with the trend of low turnover we have observed among these high-trust organizations year over year.

100 Best Companies Voluntary Turnover by Industry



Source: "100 Best" data provided by Great Place to Work® Institute, Inc. Comparative data provided by BLS. "100 Best" data includes PT & FT turnover; BLS data includes the same in addition to turnover for temp/contract workers.

Bottom line is, once the tough work of recruiting and on-boarding new employees is complete, the Best Companies are able to hang onto those employees much better than businesses at large—setting them way ahead of their competitors.

The question is: What are employees at these companies experiencing that's keeping them from leaving?

This year, in an effort to address the issue of voluntary turnover, we have taken a closer look at the extraordinary ability of the Best Companies to retain their employees. The following report draws on our thirty years of researching great workplaces, as well as a special analysis of this year's 100 Best Companies to Work For®, to pinpoint just what components—out of all the factors that create a great workplace—are the most closely associated with employees reporting they have no intention of leaving their companies anytime soon.

And, importantly, the insights from these great organizations provide valuable and practical ideas that organizations of any size, in any industry, can implement in their efforts to create a workplace that employees don't want to leave.

PURPOSE: A DISTINGUISHING FACTOR

We know from our 30 years of research surveying millions of employees from thousands of companies from all sizes, industries, and parts of the globe that a **great workplace** is defined as one where employees:

- > **Trust** the people they work for
- > Have **pride** in the work they do, and
- > **Enjoy** the people they work with.

The Trust Index® Employee Survey has 58 statements that assess employees' experience of these three components, including the statement: "I want to work here for a long time."

To examine the question of retention, we ran an analysis of the 2016 *Fortune* 100 Best Companies to Work For® survey data to see what factors are most closely associated with an employee's desire to work at their company for a long time. We found that among these organizations, employees who state that they want to work at their companies for a long time are also **most likely** to report—more than any other factor—that:

- > My work has special meaning: this is not "just a job."

Followed closely by:

- > When I look at what we accomplish, I feel a sense of pride.
- > I feel I make a difference here.

These findings tell us that feeling connected to a sense of purpose and meaning—and also to the idea that they personally make a difference at the company—are distinguishing reasons why employees at the nation's best workplaces say they plan to stay at their organization.

Intuitively, this makes sense. According to Anil Saxena, Partner at Great Place to Work®:

"When people feel that their unique contributions truly matter to a company, they know that their work is important, and they can envision the impact if they were to leave. It takes a lot more to draw a person away from a workplace where they derive great meaning personally, and where they believe their absence would be deeply felt if they left."

Finding Purpose in One's Work:

Past, Present and Future

In 1974, Studs Terkel wrote in his famous book *Working*: "Work is about a search for daily meaning as well as daily bread."

Finding purpose at a job has always been important for human beings, yet recent studies have found that a sense of purpose in one's work is becoming an increasingly important priority.

iOpener Institute's study⁴ of 18,000 Gen Y members found that a sense of purpose in one's work is actually a stronger predictor than pay as to whether they will stay at a company and recruit their friends.

In 2012, Net Impact and Rutgers University⁵ found that 72% of students, as opposed to 53% of workers, reported that they consider having "a job where I can make an impact" to be very important or essential to their happiness.

SEVEN WAYS TO CONNECT EMPLOYEES TO PURPOSE



No organization can retain 100% of their employees, and even the best workplaces have some level of voluntary turnover. The good news for companies of any size and industry is that research from organizations on the 100 Best Companies to Work For® list can provide valuable insights on how to create a culture that people don't want to leave. Here, we examine how these companies foster a workplace that inspires a sense of meaning and purpose, thereby fueling employees' desire to stay on board.

1 DEFINE YOUR COMPANY'S PURPOSE AND CONNECT PEOPLE TO IT.

It's easy to understand the difference your actions make in the world if you are the president of an organization, or a nurse who is saving patients' lives. It can be more difficult to make that connection from the factory floor, behind a cash register, or even from a computer screen.

Therefore, it's critical that leaders and managers clearly define the overarching purpose of the company in the world, and just as importantly, connect each employee to their specific role in driving it forward through their work. This way, no matter where a person sits in the organization, they know that their actions play a role in the broader fate of the company, and ultimately, in the world at large.

Creative ways Best Companies connect employees across the company to a common purpose include:

Recreational Equipment Inc. (REI)

RETAIL

Inspired Guides

REI's mission to "inspire, educate and outfit for a lifetime of outdoor adventure and stewardship" underscores everything they do, and knits the company together with a common purpose. Despite being a retail environment, there are many programs that get employees outside and interacting with nature—for example, grants to pursue outdoors activities, classes employees can deliver to customers to teach them outdoors skills, and more. Employees are referred to as "inspired guides," a phrase instituted to help clarify REI's brand promise to their members.

Hilton Worldwide

HOSPITALITY

The Purpose Council

Hilton Worldwide's newly launched Purpose Council is led by their President & CEO and is comprised of leaders representing every function and region of the company. The Council is working across the organization to uncover and articulate the higher purpose of why the company exists, how they make a difference in the world, and to bring their purpose to life with employees, guests, partners, and communities.

2 TRUST AND EMPOWER EMPLOYEES TO DO THEIR JOBS.

Increasingly, highly-evolved workplaces and leaders are coming to understand that tapping into the collective knowledge of an organization is the key to success. Unlike the command-and-control ethos that has traditionally characterized many organizations, more and more of today's CEOs are incorporating openness, transparency and employee empowerment into their workplace cultures.

The Container Store & Nordstrom

RETAIL

Empowering the Individual

This spirit of respect is also present at large companies such as The Container Store and Nordstrom, where leaders invest in training so that front-line retail employees are empowered to make decisions without having to consult a manager. By giving employees the appropriate training to make decisions that align to the company's goals, and then empowering them to use their own judgment to make decisions on a daily basis, leaders send the clear message that employees make a difference.

"Life and certainly retail are too situational for you or me to be smart enough to tell everyone how to act in every given situation. But we don't want to be 5,000 yahoos going in 5,000 different directions. So we agree on the ends, and then we liberate each employee to choose their means to the ends," according to Kip Tindell, CEO of The Container Store.

Credit Acceptance

FINANCIAL SERVICES

Employees as Experts

At every quarterly Town Hall meeting for the last 10 years, Credit Acceptance CEO Brett Roberts has used the following quote from A Great Place to Work by Robert Levering: "The people doing the work know the most about it." Leaders across the company embrace this philosophy and have built a culture that respects employees at all levels as true experts in their line of work.

3 GIVE EMPLOYEES A VOICE.

Nothing shows an employee more clearly that they make a difference to the company than the authentic desire, on the part of leaders, to actively seek their ideas. As such, leaders at great workplaces work tirelessly to stay connected to employees in all parts of the company, including on the very front lines.

And, at the core of this behavior is the belief that employees have something valuable to say. By giving employees multiple avenues to share their ideas, questions, and concerns, leaders only amplify the message that staffers are an important part of the company's success.

Wegmans

RETAIL/GROCERY

Open Door Days

Managers' doors are always open to employees at Wegmans Food Markets, and to reinforce this commitment to openness, all leaders hold two "Open Door Days" per year—days entirely dedicated to employees discussing any topic with store managers or senior leaders one-on-one. This often results in employees accessing leaders two or three levels above their direct supervisor. The free-flow of information has resulted in employee ideas being adopted, and many part-time employees becoming inspired to build full-time careers with the company.

Burns & McDonnell

PROFESSIONAL SERVICES

CEO Shadow Group

Burns & McDonnell's "Shadow Group" is composed of employees who have received repeated high performance ratings to meet semi-monthly with the company's CEO, Greg Graves. These informal meetings allow him and Burns & McDonnell's emerging leaders to get to know one another better, while also giving Graves a chance to provide mentorship and guidance. In addition, the Shadow Group provides constructive feedback directly to the CEO, and discusses potential changes that may ultimately affect the firm and individual employees.

This year, Greg added a millennials Shadow Group. Adding this specific focus group into the mix has provided Greg and executive leadership with another set of valued employees to obtain feedback on new programs or company policies, as well as gain perspective on where they think Burns & McDonnell needs to head for continued success.

4 SHOWCASE THE CUSTOMER.

In many organizations, only a small percentage of employees actually work directly with the company's client base. However, establishing the link between an employee's work—regardless of where they sit—and the final impact it has on the end customer can be powerful in creating a sense of purpose.

Examples of ways to make this connection include:

- > Internal communication campaigns that inspire pride in employees – including mentions of where their products are showing up in the press, sales numbers, and more.
- > Site visits to retail stores or customer locations.
- > Incorporating customer stories and feedback into corporate communications.
- > Bringing customers/patients onsite to talk about the impact the company's products or services have in their lives.

“IT TAKES A LOT MORE TO DRAW A PERSON AWAY FROM A WORKPLACE WHERE THEY DERIVE GREAT MEANING PERSONALLY, AND WHERE THEY BELIEVE THEIR ABSENCE WOULD BE DEEPLY FELT IF THEY LEFT.”

ANIL SAXENA, GREAT PLACE TO WORK®

Many of the Best Companies across industries create opportunities for employees to interact directly with the customers/users of their services. For example:

Riot Games & Activision Blizzard MEDIA

Highlighting Joy

These gaming companies regularly highlight the joy that their products bring to their customers—the people who play the video games they work tirelessly to produce. Activision Blizzard released a documentary about their game “World of

Warcraft,” and how globally revered it is. Riot Games sponsors trips to gaming conventions so employees can meet players of their games face-to-face.

Genentech

PHARMACEUTICALS

Patient Connect Program

Genentech's Patient Connect Program invites patients who use Genentech's life-saving pharmaceuticals to lunch onsite, allowing employees to hear their unique perspective on their disease and the day-to-day struggles they endure as a result of their illness. Banners of patients are also hung on buildings and walkways across the company's campuses in view of the thousands of employees who work at Genentech, as a visual reminder of the patients they serve who have a better quality of life thanks to their work.

Navy Federal Credit Union

FINANCIAL SERVICES

A Day in the Life

Navy Federal's Member Experience Analytics (MEA) Team got a first-hand look at the life, culture, and challenges experienced by military members by travelling to the Naval Construction Battalion Center in Gulfport, Mississippi. MEA employees toured the base and participated in several simulators used to train service members. Because the financial challenges military members experience are a real concern for the team, they also visited the Navy Marine Corps Relief Society, a nonprofit that relies on donations and volunteers. This valuable learning experience gave employees a glimpse into the lives of some of the military service members that Navy Federal serves.

W.L. Gore & Associates

MANUFACTURING & PRODUCTION

Technology in Action

When W.L. Gore (the manufacturing company and maker of Gore-Tex) hosts customers who use their technical fabrics in law enforcement, emergency services, and military applications, associates gear up with the customers and put the products to the test. These activities allow the customer to experience technology in action and the associate to hear feedback on the difference the product can make in a real-world environment. It also provides the opportunity to have some fun!

5 MAKE YOUR WORKPLACE A COMMUNITY.

Working with a group of strangers is one thing; collaborating with a valued community is a completely different proposition. A universal quality of great workplaces is the strong sense of family and team experienced by employees across the organization. In fact, at this year's 100 Best Companies to Work For®, nearly 9 in 10 employees report: There is a "family" or "team" feeling here.

Building a close community with colleagues only furthers work as more than "just a job." And, when the going gets tough, these relationships can be critical touchstones for employees in making their days more enjoyable—creating another reason to ride out difficult times with the company rather than jump ship for another opportunity.

St. Jude Children's Research Hospital

HEALTHCARE
"Judestock"

Employees at St. Jude Children's Research Hospital enjoy a fun summer concert series dubbed "Judestock," which take place on the third Wednesday of the months of May, June, July, September, and October. Organizers erect a stage on the lawn, and local bands play upbeat cover tunes while employees sack out on lawn chairs, picnic tables, and on blankets as they like. The concerts take place during lunchtime hours, so a "food truck rodeo" is in place ready to serve up tacos, hot dogs, kebabs, pizza, Mexican, and barbecue. The stage is close enough to the company cafe for those dining on the patio or in the dining room to hear the tunes as well.

Alston & Bird, LLP

PROFESSIONAL SERVICES

Coffee, Cokes or Cocktails: "C3 Events"

As the firm has grown and employees are spread across multiple floors, departments and buildings, this program has been a great way for team members to get to know each other. An immediate success since it was launched in 2010, participating employees meet up for coffee, lunch or drinks. Participants are randomly paired in small groups, and each group decides what works best for their schedule.

6 RECOGNIZE EMPLOYEES' CONTRIBUTIONS.

Whether it's via birthday or anniversary celebrations, a personal thank you card, kudos at a staff meeting, or a high-class celebratory gala, the recognition and appreciation of employees is important to the understanding that they—as a person and as an employee—make a difference to the company. "One of the most powerful ways to help people understand that they are making a difference at your company is by recognizing them for their contributions," says Great Place to Work® Partner, Anil Saxena.

Salesforce.com

MANUFACTURING & PRODUCTION

Team Oscars

At Salesforce, the Technology & Products group recognizes innovation at the team level with its Team Oscars. The awards ceremony includes three categories ("Trust & True to the Core," "Game Changer," and "Culture Award") that are based on feedback from team members themselves and which best reflect the variety of features and services they deliver. Winners are peer-selected and all employees are eligible to be nominated. Winning teams receive a gift card to use for a team event of their choice, and every member of the team receives a commemorative certificate to hang at his or her desk.

Quicken Loans

FINANCIAL SERVICES

Anniversary Cards & Gifts

On team members' anniversaries with the company, they receive a hand-signed card from CEO Bill Emerson. In addition, team members receive gift cards, with the value dependent on the team member's length of service with the company. Gifts grow in value up to team members' 20th anniversaries with the company, when they receive a \$500 gift card, two-dozen roses, a personalized cake and a balloon bouquet.

Small Company, Big Impact:

Making a Difference at Clif Bar, Inc.

While Best Medium-Sized Workplace Clif Bar, Inc. (~400 employees) is best-known for their energy bars, the company is also renowned for living out their values and mission of making a difference in the world. Clif Bar's website greeting says it all: "Every day is an opportunity to do something that matters." In addition:

Clif Bar maintains an **IMPACT** section on their website which shares how employees are directly involved in building a better planet and fostering more sustainable communities and food systems through organized volunteer events, company-sponsored foundations, and more.

To encourage employees to give back to the community, Clif Bar offers an unlimited amount of paid time off to volunteer during work hours. As long as employees are able to get their work done, they can take as much PAID volunteer time as they'd like.

98: Percent of Clif Bar employees who perform volunteer work.

10,000+: Number of hours donated to charities through volunteer work in one calendar year

200+: Number of nonprofits that benefitted from Clif Bar's volunteer program in one calendar year.



“IF YOU TREAT PEOPLE AS IF THEY
MAKE A DIFFERENCE, THEY WILL.”

DR. JIM GOODNIGHT, CEO, SAS

7 MAKE “GIVING BACK” PART OF YOUR BRAND.

One of the greatest strengths across the 100 Best Companies to Work For® is a strong commitment to volunteerism and philanthropy. Not only are employees involved in these efforts in a very hands-on way, but volunteer opportunities are woven into the employer brand and the employee value proposition.

This way, all employees have an opportunity to feel that because they are a part of their company, they are able to contribute to their community in a meaningful way. (See sidebar: Clif Bar.)

PwC

PROFESSIONAL SERVICES

Teaching Financial Literacy to Those in Need

PwC empowers employees to make a positive, lasting difference in their communities—something they have done at a Bronx public school, PS18. Since 2013, PwC volunteers have collaborated with PS18 to teach financial literacy, fulfill classroom needs, and mentor students. To date, nearly 200 PwC volunteers have donated nearly 4,000 hours of their time.

PS18 is not alone in having benefited from this relationship. PwC volunteers speak emphatically of the opportunity that teaching financial literacy and mentoring has provided them in regards to personal and professional growth as well as an “indescribable joy” when seeing students’ expressions after a day with PwC volunteers in the classroom.

Whole Foods Market

RETAIL/GROCERY

The Bigger Picture

Whole Foods may be a grocery store, but prospective employees can see that working at Whole Foods is about something far bigger. Whole Foods’ website and Facebook page both showcase the inspiring philanthropic work the company does in the larger community and world, which is largely driven by employees themselves. These images and messages to the outside world contribute to an employer brand that promises employees will “make a difference.”

MAKING WORK MEANINGFUL: CRITICAL QUESTIONS

As you think about how to inspire a sense of purpose and meaning across employees in all parts of your company, consider:

- 1 What is the deeper purpose of your organization, and how are people across the company connected to it?
- 2 How are employees empowered to use their knowledge and expertise on the job?
- 3 Do employees here have multiple avenues for upward communication?
- 4 Are employees in all parts of your company exposed to the end user/customer and bigger impact of your company's product?
- 5 Is there a deeper sense of community, team, and even family at your company?
- 6 What opportunities exist for employees in every role to be acknowledged and recognized for their unique contributions?
- 7 Are volunteer opportunities readily available, well-communicated, and integrated into your employer brand?

These are issues that any company can—and should—take action on, regardless of their size, industry, or resources. Because as it turns out, when employees come in to work each day and see that their presence matters, it's a powerful reason to keep coming back.

REFERENCES:

- ¹ Cascio, W.F. 2006. *Managing Human Resources: Productivity, Quality of Work Life, Profits* (7th ed.). Burr Ridge, IL: Irwin/McGraw-Hill. Mitchell, T.R., Holtom, B.C., & Lee, T.W. 2001. How to keep your best employees: Developing an effective retention policy. *Academy of Management Executive*, 15, 96-108.
- ² *Driving the bottom line*. 2006. PricewaterhouseCoopers Saratoga Institute White Paper.
- ³ U.S. Bureau of Labor Statistics: <http://www.bls.gov/news.release/jolts.t04.htm> February 10, 2016.
- ⁴ *Job fulfilment, not pay, retains Generation Y talent*. http://www.iopenerinstitute.com/media/73185/iopener_institute_gen_y_report.pdf.
- ⁵ *Talent Report: What Workers Want in 2012*. <https://www.netimpact.org/research-and-publications/talent-report-what-workers-want-in-2012>

WE HEARD YOUR
BUSINESS IS AWESOME.

WE'D LOVE TO TELL
EVERYONE ABOUT IT.



Certification with Great Place to Work® lets the world know your company is a beacon for talent. Get recognized by the best.

LEARN MORE AT [CLIENTS.GREATPLACETOWORK.COM](https://clients.greatplacetowork.com)

