

Improving the



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BOTTOM LINE

Secrets of Success from
Happy Companies

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Secrets of Success from Happy Companies

There is no doubt that business success depends on highly motivated employees.

Highly motivated employees multiply in organizations whose missions, leaders, and inner workings provide profound meaning and inspiration.

—Warren Bennis,
Distinguished Professor,
Marshall School of Business,
University of Southern
California

Why do so many companies have uninspiring leaders and uninspired employees who plod along with little — or the wrong — motivation? Why are corporate decisions still being made for the short term, undermining morale and jeopardizing business success?

The worst cases make headlines for their ethical misdeeds and corruption, and the damage is much greater than economic: There's also a significant loss of public trust in both the business and its leaders. Consumers, regulators and business leaders are searching for ways to reduce such incidents.

When business leaders focus strictly on the bottom line and attempting to achieve results, they're more likely to misbehave. With bottom-line tunnel vision, they're also less likely to effect beneficial changes even when they're as straight as an arrow.

Business leaders must look beyond the bottom line to avoid ethical lapses. By doing so, they're actually far more effective at maintaining financial health. Employees are also proud to be part of organizations that become respected constituents of the business community.

For decades, business schools and consultants have focused on the numbers. Measurements of production, finance and return on investment are scientifically applied to organizations. But such focused attention on bottom-line results doesn't work for the long term.

A new body of research points to a missing dimension that would enable organizations to achieve stellar results. This "new science of happiness" — a name that may seem frivolous at first — goes far beyond putting on a happy face.



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- ▶ **Processes** -- Improving the methods by which organizations deliver products/services to achieve measurable returns
- ▶ **Strategy** -- Coaching executives on defining and executing a business plan that drives sustainable results

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Happiness is not a result, but a cause, of success. It's key to fully realizing an organization's "return on people" (ROP), which entails bringing out their best talents, strengths, passions, interests, knowledge and skills. From the CEO down to a company's minimum-wage employees, individual and team happiness is measured by long-term success.

This new way of gauging organizational health is discussed in depth in *What Happy Companies Know: How the New Science of Happiness Can Change Your Company for the Better* (Pearson Prentice Hall, 2006), cowritten by a medical psychologist, anthropologist and business author.

But if you assume happiness comes down to company softball leagues, birthday celebrations and sing-alongs, think again. It requires an understanding of how our brains work and how positive or negative energy transforms workplaces into either creative or fearful environments.

Elements of Happiness

Several bodies of scientific research have contributed to our understanding of how the science of happiness can create a corporate culture that breeds success:

- ▶ **1. Positive Psychology** -- This includes the study of strengths, best practices, character and virtue in an organizational setting.
- ▶ **2. Neurosciences** -- Bio-evolutionary theory provides new insights into why we react as we do under stress. Top-notch leadership can transform human behavior from self-serving to civil, noble and altruistic.

We now know the brain functions with its left and right hemispheres, as well as layers of development — from primitive to modern. We pride ourselves on our sophisticated logic, analytical decisions and judgment capacities. In reality, more often than we'd like to admit, we're influenced by these primitive instincts for survival.

Our emotions greatly shape our decisions, including those we make for our organizations. Unfortunately, the default reaction to any perceived threat is fear, which shuts down our centers of creativity, problem-solving abilities and ethical decision-making.

- ▶ **3. Appreciative Inquiry** -- We've learned a great deal about the application of appreciative inquiry, a process that delves into the question of what gives life to organizations. Research shows that asking the right questions, framed in positive terms, will lead to more creativity and energy — a superior approach to traditional problem-solving and beat-the-competition thinking.
- ▶ **4. Emotional Intelligence** -- Among the newer psychological assessments, the Benchmark of Organizational Emotional Intelligence (BOEI) measures an organization's intrinsic emotional intelligence. Other motivational profiling tools also evaluate

how and why people function in organizations, as well as how those with differing motivations can learn to work harmoniously.

- ▶ **5. Cardio-neurology** -- The coherence generated by positive emotion and thought unleashes creativity and imagination in ways that dramatically improve personal health and corporate productivity. Not only is lowered stress good for the individual's health, but it's apparently a success factor for healthy organizations.

Research from all of these disciplines has contributed to a new understanding of what's required to build a happy organization and why it's vital to pay attention to staff well-being.. The greatest investment a company can make is in assuring its ROP.

When you understand how emotions affect decisions, you'll see how easily mistakes are made despite intelligence and analysis. With group behavior, we're truly not much different from our primitive, cave-dwelling ancestors.

Taming the Inner Ape

To understand the machinations and culture of work environments, we must pinpoint how our brains function. In the most basic terms, the brain has three functional parts:

- ▶ **1. Self-preservation** (fear and sexual drive) -- The personal-survival brain is reflexive, causing animals under attack to react first and think later, thus triggering the fight-or-flight-or-freeze response.. Our biological drives to reproduce are also centered here.
- ▶ **2. Personal and group bonding** -- The social-survival brain enables us to bond to survive hostile environments. When we cooperate with others, we have strength in numbers to overcome larger, stronger enemies. Bonds are strongest between individuals versus small groups (families, clans, teams) or villages (tribes, companies).
- ▶ **3. Moral awareness, inspiration, creativity and awe** -- What makes humans unique and extraordinarily more capable than other mammals is the forebrain — specifically, the frontal lobes. In this part of the brain, we experience consciousness and awareness of our feelings. The frontal lobes orchestrate the rest of the brain's activities, also providing the ability to discern right from wrong. They house these functions:
 - » Leadership capabilities
 - » Creativity
 - » Planning for the future
 - » Morality
 - » A sense of spirituality
 - » Analytical decision-making

Humans have two sets of linked circuitry: the ancient wiring that protects and the modern wiring that serves. We refer to the “emotional brain” (from Daniel Goleman) to describe our primitive and reactive parts and to the “executive brain” (from Elkhonen Goldberg) to describe the frontal lobes, the center of conscious thought and logic.

When business executives see that sales numbers are well below forecast, they have a gut reaction of fear. This reflexive emotional state comes from the prehuman brain, which perceives danger (to career, status in the “tribe”).

Conversely, when businesspeople feel remorse over an emotional outburst, deliberate a decision or weigh several options’ related to ethics, they’re using the executive brain.

Hard-Wired for Hard Times

Our emotional brain remains essential to our biological survival. While the danger of being chased and eaten by a tiger is no longer environmentally relevant, our reaction to danger remains the same. Fear is triggered by perceived danger, or even a hint of it in any form. Any time we sense a threat (real or only perceived), our brain speed-dials a reaction, bypassing its information-processing parts. Usually, the executive brain kicks in a few milliseconds later to determine whether a threat is real and modulate our behaviors and expressions. The rational brain collects more information and sorts things out.

But when the emotional brain reacts too strongly and frequently over time, our highly sensitive, survival-based emotions become the brain’s preferred response. After a while, the emotional brain hijacks the executive brain.

The Opposite of Fear

As long as fear dominates, the brain centers for creativity and high-level thought are constrained. Any sense of appreciation is shut down. The human brain cannot process fear and appreciation at the same time.

The executive or manager who screams at his staff whenever he feels thwarted creates a fear environment. He’s shooting himself in the foot because his staff’s fears prevent the development of new ideas and solutions.

Sometimes, our wiring creates the perception of hard times when they really don’t exist. Because this response is so automatic, fear frequently manifests in situations where proneness to reactivity is extremely maladaptive.

An emotionally charged workplace can create fear reactions that short-circuit higher, more effective business thinking. Under stress, fear contributes to faulty decision-making, stretching of ethics and rules, and misconduct and false accounting.

The Organizational Brain

Organizations function much like the human brain. As the brain repeats behaviors, they become ingrained. Neurons connect in tight bonds that become easier to invoke.

Thus, habits of thought and deed are also easily ingrained in organizations. Negative thoughts, emotions and behaviors start to repeat over time. As individuals’ fear centers are activated, groups begin to react fearfully, and behaviors are reinforced and habituated.

In contrast, positive thoughts, emotions, behaviors and words have the opposite effect. Positivism activates the brain’s creative centers, and groups begin to think and act in creative ways. Positive actions are reinforced and habituated.

Most of the dangers companies face are hassles, setbacks, disappointments and frustrations. They’re not life-threatening. But because we’re hard-wired for hard times, we frequently respond as though they are.

Our emotional brain is quite comfortable with this response, as we innately crave instant gratification. Aggression, problem-solving and hyper-competitiveness lead to fear-driven reactions to the world.

It takes higher-order consciousness to find opportunity. But biologically, creativity and innovation cannot lead the mind when fear exists. Staying focused on opportunities ensures the executive brain remains in charge of your company’s future.



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Whole-Brain Functioning & ROP

Healthy behaviors in the work environment require the emotional and executive brain to work together. Good decisions rely on input from intuition and feelings, and feelings rely on logic to sort out and decide on behaviors.

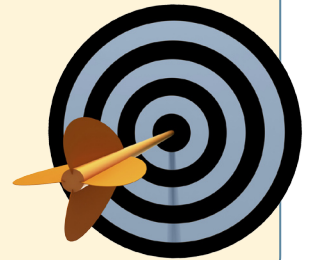
That's why it's critical to pinpoint which part of your mind is leading. If the emotional brain is in charge, you must learn to inform the executive brain to prevent it from being bullied. Unhealthy companies are gripped by fear and stuck in emotional reactions. They cannot adapt, leap forward or ultimately succeed. Achieving true happiness and leadership success means making full use of whole-brain functions.

Those who work in happy companies make full use of their imaginations every day, and they have strong prospects of prevailing in tough environments. They have the energy and innovative thoughts needed to expand into new niches.

The science of happiness is a crucial strategy for leaders' and organizations' health and wellness.. Without it, you'll fail to get the best from your people within and beyond the organization.

Instead of ROI, focus is on ROP by creating a fear-free, down-to-earth work environment that fosters creativity and energy. See reality clearly, but choose to address it positively. Perceive opportunities, not obstacles. Lead with values, optimism and fairness. Promote creativity and pragmatism.

Most importantly, avoid the reactive decisions you make when you're driven by pure, animalistic fear.



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