



**Which employees are pivotal
to your company's success?**

How do you know?

Towers Watson helps you identify the differences that distinguish your pivotal talent.

Towers Watson uses workforce segmentation to develop deep insights about the skills, motivations and preferences of different employee groups and the value each group contributes to your organization. These insights help you understand the differences that matter — so you can put the right employees in the right roles at the right level of investment.

Towers Watson. A global company with a singular focus on our clients.

Benefits
Risk and Financial Services
Talent and Rewards
Exchange Solutions

[towerswatson.com](https://www.towerswatson.com)

TOWERS WATSON 

Editor's Introduction

Marc Sokol, Editor

Purpose. Ask any leader who thinks about employee engagement and its impact, or any leader who thinks about the Millennial generation at work or the aging baby boomer population, and they know that purpose matters in the workplace. But how do we foster purpose?

Aaron Hurst, author of our lead Perspective, has devoted more than a decade to fostering purpose, first through Taproot Foundation, a nonprofit focused on making business talent available, pro bono, to organizations working to improve society, and then by creating Imperative, an organization focused on enhancing purpose in all lives. Author of *The Purpose Economy*, Aaron writes about a fundamental shift in our desire for purpose, and how this can affect the ways we choose to work, spend our money, and engage our time.

In the lead Perspective, Aaron reminds us how small organizations, once filled with purpose, can lose that spark as they grow; he offers advice on how to regain a sense of purpose, no matter how large your company is.

In the six commentaries that follow, other leaders share ways to foster purpose, despite the pitfalls of good intentions gone awry. One thing is clear. There are many ways you and your organization can take steps to promote purpose where you work.

Steve Schloss provides the perspective of a chief people officer. Being the steward of purpose is different at a founder-led, fast-growth, high-tech company than it is at a mission-driven legacy association, yet each requires a tailored approach. The question remains, how?

Jane Dutton, with that very question in mind, shares how high-quality connections and the ability to craft aspects of our own jobs, are among the keys to experiencing purpose on a day-to-day basis.

For **Shannon Schuyler**, the key is flexibility, especially in large companies, along with the alignment of individual and company purpose.

Jennifer Benz wonders if purpose will rebalance the employee value proposition, especially as changes in healthcare impact the traditional sense of what employees most value.

Bob Rosen expands the focus, arguing that as leaders, we can't sustain purpose in work if we aren't grounded in who we are and living in alignment with our core values. The opportunity goes beyond purpose and job crafting to embracing the whole person and what that means for them and the companies they lead.

Finally, **Ronald Capelle**, an authority on the technology of organizational design, warns of two common pitfalls that can inhibit sense of engagement and purpose, no matter how large or small you design your business.

If purpose matters to you, your employees, and to those who choose whether to do business with your firm, then this installment of Perspectives is for you. After reading the lead Perspective and the commentaries that follow, you can contact the authors directly; let us know how you are addressing purpose in your own business. Marc.Sokol@SageHRD.com

When Purpose Evaporates, Think Small

By Aaron Hurst

Employees who are starved for purpose will often look outside an organization to find it. This is particularly evident when small companies, previously united by a shared sense of purpose and underdog mentality, grow into behemoths. The challenge for human resources becomes how to attract, retain, and engage these professionals by advancing purpose alongside the ambitions of the organization.

When David Becomes Goliath

David Hahn, vice president of Product Management at LinkedIn, shared this insight regarding small Silicon Valley start-ups. He observed that employees at single-product, first-generation companies feel rich in purpose. They are trying to disrupt the status quo

and have a strong sense that their work matters. They have a sense of impact greater than themselves, are growing quickly, and are part of a vibrant tribe—which are the three core ingredients of purpose.

When working in the early stages of the start-up HomeShark.com, I felt that deep sense of purpose. By the time I was 24, I had designed, built, and launched multiple products. I had

helped acquire another company and integrated its product line, which I was then responsible for managing.

But what happened at HomeShark is what happens at most growing companies: They transform from David into Goliath. That is, as a company starts to become a leader in the market, it becomes a struggle for employees to find purpose simply by “fighting the establishment.” If you look at the Silicon Valley companies that are philanthropic and have volunteer programs, they are nearly always past the “David” phase and are now “Goliaths.” They are too big to be tribes and typically haven’t found ways to take the key evolutionary step to become communities.

When a company becomes a “Goliath,” they usually start corporate foundations and volunteer programs. They need to supplement purpose, as they are no longer consistently delivering it to employees. Jessica Rodell at the University of Georgia found that “when jobs are less meaningful, employees are more likely to increase volunteering to gain that desired sense of meaning.”

As the organization grows, this becomes more acute. Goliaths like Hewlett-Packard or Wells Fargo, who long ago lost their David-like mojo, grew so large that employees struggled to find opportunities to grow and challenge themselves. Job growth is one of the core drivers of purpose for people, and when this too is limited, it’s an uphill battle to find purpose.

Yearning for Purpose

One designer from Hewlett-Packard who had been at the company for about a decade summed it up beautifully. He had steady income, worked with good people, and always had access to the best technology and tools. But there was one thing that got him thinking about leaving: He was tired of only designing in blue and white. As a designer, he craved a broader palette; he wanted to be able to use red, green, and purple, too.



In my work at the Taproot Foundation, a nonprofit that enrolls thousands of professionals in pro bono service and builds pro bono programs for companies, I saw how this lack of opportunity for self-expression motivated many of our pro bono consultants. Some were designers, but others were different kinds of artists—marketing managers, project managers, engineers, photographers, and so on. They were passionate about their craft, but working at a single company was forcing them to always choose from the same palette.

While consistency is critical to running a large company efficiently and effectively, for talented and creative professionals, it can be deadening. So many companies yearn for more innovation and creativity, but they don’t take the very first critical step—thinking of their employees as artists.

Toward a Human-Centered Workplace

Purpose not only enables attracting, retaining, and engaging employees—as research from the University of Pennsylvania’s Adam Grant shows—it also improves productivity. In his experiment, Grant divided university fundraising call center employees into three random groups. The first group was read stories from previous call center employees about how the job had helped them develop

their sales skills. The second set was told stories about how alumni had benefited from the donations raised by the call center. The third, the control group, had unrelated stories read to them.

He replicated the study five times and found the same results. Those who were read the second story, the one about purpose, more than doubled the dollars raised. By sharing a five-minute story, he doubled their impact. He had purpose-powered them. More importantly, he had demonstrated just what middle management and human resources in large companies needed: low-cost small steps to create immediate results.

So many companies yearn for more innovation and creativity, but they don’t take the very first critical step—thinking of their employees as artists.

Moving from a human-resourced organization to a human-centered workplace requires that employees’ desire for purpose be addressed. Human resource professionals may lead this movement by designing a new approach. Look at the “Davids” and start small—with conversations around purpose to help employees find opportunities for self-expression and personal growth and to show employees that their work matters.

Aaron Hurst is founder and CEO of Imperative, an organization that helps people find purpose and meaning in their work. Author of *The Purpose Economy*, he can be reached at aaron@imperative.com.

perspectives – counterpoint

Purpose Is Here to Stay

By Steve Schloss

Organizations, big and small, have discovered that helping employees find or achieve purpose at and through work is a mutually beneficial arrangement. But is this push for purpose authentic or just a new form of corporate opportunism?

Stripped bare, a culture of purpose is an outcome of great leadership; it is experienced through an inspired mission, core values, the culture of possibility and transparency, and the fostering of a community where people can connect on a personal level and bring their whole self to the workplace. Purpose drives engagement and retention. Just consider Starbucks and the way they provide a true framework for purpose, giving significant leeway to individual stores to operate small and become a place where passion, purpose, community, and staff all converge.

As a senior leader who has led for-profit and non-profit organizations with extremely different workforces, the application of purpose can create true advantage, but the challenge, as Aaron Hurst suggests, is a function of scalability and culture. As the top HR executive in a fast growing founder-led software company, we employed young and highly motivated staff. We created a purpose-driven culture supported by a connected system of programs and processes. From onboarding to feedback to leadership development experiences, it was each employee's role to own and find their purpose and help others achieve the same. Our challenge was scalability. How could we sustain purpose under significant pressure to innovate and grow revenue and headcount? Our answer could be found in two ways: through formal and informal recognition of individual achievement and the ongoing celebration and storytelling of our shared journey.

Juxtaposed with high tech, I am now helping to lead and transform a 120-year-old premier non-profit organization steeped in tradition, certainty, and purpose. The United States Golf Association's (USGA) mission is



Stripped bare, a culture of purpose is an outcome of great leadership; it is experienced through an inspired mission, core values, the culture of possibility and transparency, and the fostering of a community where people can connect on a personal level and bring their whole self to the workplace.

to serve the game of golf on a global level through championships, governance, and services. Longer tenured and older on average, employee belief in our mission and purpose is very strong. Growth is not the challenge. Our mission and purpose engenders a sense of community. Our challenge is to sustain a higher purpose (which creates stability) while transforming and rethinking our culture and values. All of this occurs while simultaneously becoming leaders of the game while serving our historic responsibilities of stewardship. Successful purpose-led organizations like the USGA must stay true to their calling, even as they smartly and

regularly reevaluate their direction and focus.

Purpose as an outcome and lever of leadership is here to stay. Regardless of size or status, purpose-led organizations will reap the benefits when they are led with integrity and inspire employees, customers, and the community.

Steve Schloss is chief people officer of the United States Golf Association. stevenschloss@gmail.com.

Creating High-Quality Connections as a Pathway for Cultivating Purpose

By Jane E. Dutton

The workplace is a site for daily connection and disconnection with others. When connections are high quality, people experience a sense of energy, mutuality, and positive regard. The great fact about high-quality connections at work is that they strengthen people and make them more resourceful, while at the same time affirming a sense of value and worth. I have spent 10 years researching and teaching about the power of momentary positive connections with other people at work. High-quality connections (HQCs) are a potent means for creating and building meaning at work. In our new book, *How to Be a Positive Leader: Small Actions, Big Impact*, we (coauthors Gretchen Spreitzer and Shawn Achor) outline the different ways that leaders accomplish this form of purpose building.

How Small Actions Can Foster Purpose

Consider the following examples of how people craft their jobs to foster high-quality connections. A hospital cleaner crafts his job so that he has more high-quality connections with patients' families. In interactions with family members, he senses his job is having a positive impact on others. He knows that by providing care for families, he is supporting the healing of the patient. High-quality connections with patients' families infuse him with a sense of significance beyond the care of physical space.

A teacher crafts her job in ways that allow for more one-on-one time with each student. Each day she asks two students to come in 10 minutes before class to help her set up the classroom. In those 10 minutes, she communicates and connects with the students in ways that inspire and excite her for the day. In those 10 minutes of connection, both teacher and students mutually affirm a sense of value and positive regard.

Purpose building through high-quality connections means believing that short-term interactions with others have the power to infuse purpose.

Finally, a middle-level manager makes it a point to end her day by sending an email to at least one subordinate about the difference that person has made in helping her and contributing to the organization. These emails are daily investments in the quality of connection as they clearly communicate the significance of the contributions that people are making. Small actions that connect people in meaningful ways infuse purpose.

Three Steps You Can Take

How can HR managers and other leaders act to foster high-quality connections and purpose? First, believe it is possible. Purpose building through high-quality connections means believing that short-term interactions with others have the power to infuse purpose. Second, take small actions that encourage each of us to be psychologically present in virtual and in-person meetings. Finally, cultivate cultures, reward systems, and reporting structures that encourage respectful engagement, trust, and mutual help. All are vital pathways for cultivating HQCs.

Jane E. Dutton is the Robert E. Kahn Distinguished University Professor of Business Administration and Psychology, Ross School of Business, University of Michigan, and a faculty member of the Center for Positive Organizations. janedut@umich.edu.

If Purpose Is Paramount, Flexibility Is Key

By Shannon Schuyler

Gallup estimates the cost of disengaged workers to U.S. businesses at more than \$350 billion per year. But what are the costs to individuals? What is the cost of not feel-

ing fulfilled? Not feeling like what you do matters?

Company Flexibility Is Key to Fostering Purpose

I agree with Aaron Hurst; many who are disengaged have lost sight of the company's sense of purpose and community. How well does the company allow individuals to find their own fit in the organization and unique way of contributing? Flexibility is the key, but this can be difficult for large companies that need policies and systems in place to provide for quality, productivity, and efficiency.

Addressing this challenge, PricewaterhouseCooper's (PwC) flexibility leader, Anne Donovan, said: "For flexibility to work in any size organization, it requires buy-in from leadership and 'execution on the ground.' Millennials are leading the charge in demanding flexibility, and we've learned that more flexibility increases employee engagement in all generations. No organization can afford to lose top talent because they didn't address this important issue."

Aligning Personal with Company Purpose

Beyond flexibility, it is critical that leaders understand the role of purpose in our lives and what their company can do to help employees find their own purpose and connect that to the company purpose.

Whether you call it purpose, meaning, passion, or calling, I believe we all long to find work that satisfies us—work that is more than "something to do" or "a way to make ends meet." Hurst states that for us to find purpose in our work, we need to know whom we serve, why we serve them, and how we serve them. Allow me to illustrate how my sense of purpose as a Corporate Responsibility leader aligns with PwC's purpose as a company:

perspectives – counterpoint

Here at PwC, our purpose is to build trust and solve important problems. I serve PwC staff, partners, clients, and the communities in which we operate. Why and how do I serve them?

I serve them because I believe the private sector is a powerful force for good in the world; I am passionate about leveraging the power of companies like PwC to help build trust and solve important problems, like accelerating urbanization, resource scarcity, demographic shifts, and other megatrends.

I serve them by working inside and outside PwC to create opportunities for our partners and staff to connect with each other and our stakeholder community in making a difference, both in their client engagements and in programs like PwC's Earn Your Future, "green teams," and pro bono work.

These are my answers. Each PwC staff and partner has to craft his or her own. In fact, we all have to craft our own purpose. What are your answers?

Shannon Schuyler is a principal and Corporate Responsibility leader at PricewaterhouseCoopers, a member of PwC's Global CR Board, and an officer of the board of the PwC Charitable Foundation. To learn about PwC's approach to fostering employee engagement to drive Corporate Responsibility, see "The Keys to Corporate Responsibility Employee Engagement."

shannon.schuyler@us.pwc.com.

Will Purpose Rebalance the Employee Value Proposition?

By Jennifer Benz

The opportunity to pursue purpose clearly adds to the employee value proposition (EVP) for many people. This is especially important as more tradi-



tional components of the EVP evolve and, ultimately, lose value.

Health care benefits have long been a key differentiator for mid-size and large companies. They are a key feature in recruiting materials and are often cited as a reason people stay with a company.

But health insurance isn't an exclusive piece of the employee value proposition like it once was. The Affordable Care Act puts health insurance into the hands of anyone who needs it, regardless of his or her employer or employment status. At the same time, the desire to control health care costs through ever-more-aggressive wellness programs and health plan design lowers the perceived value of this "key benefit."

Prior to the ACA, HR professionals tended to overestimate the value of health benefits. In a 2011 McKinsey study, 85 percent of people said they would not leave their job if their com-

pany dropped health insurance. Yet, even today, the idea of changing health benefits can make the most seasoned HR professional squirm. The reality is that health benefits will change—and dramatically so.

As health benefits evolve—decreasing in value, becoming a commodity, and ultimately no longer being a reason to join or stay at a company—organizations of all sizes need to reevaluate and rebalance the employee value proposition. What will fill the gap left by once-scarce health insurance?

It could be purpose that rebalances the employee value proposition.

Purpose is a logical extension of the work done to promote well-being and productivity, already key parts of the EVP at leading companies. There are numerous opportunities to elevate purpose through benefits, HR programs, and company communications, both internal and external.

Savvy companies will look for ways that a holistic benefits package can reinforce and cultivate a strong, resilient, and desirable corporate culture. Those who also help employees understand, act on, and fully enjoy purpose in their work may find themselves far ahead of the rest.

Jennifer Benz is CEO and founder, Benz Communications, a firm that specializes in employee benefits communication.

jen@benzcommunications.com.

A New Consciousness Is Emerging

By Bob Rosen

We are entering a time where our search for meaning—in both life and work—converge, and where meaning becomes the new capital. This reflects a broad new consciousness emerging in the world, where there is a radical rethinking of the meaning of work, the definition of success, and the role of leadership at all levels of organizations and society.

Having researched the foundations of great leadership for many years, we believe that human resources leaders have an unprecedented opportunity to champion a more holistic leadership model that improves the health and effectiveness of both individuals and organizations.

This opportunity is amplified by the increasing crisis we observe in leadership. The highly visible failings of some have cast a shadow on all. The credibility of leaders is at an all time low, leaving employees, consumers, and the public cynical and disengaged.

In contrast to those failings, our research reveals fresh data and insights about how great leaders actually develop deep, personal roots that allow them to stay healthy and fulfilled, maintain perspective and



make sound judgments, and execute effectively in the most challenging circumstances. Even more important than fundamental skills and competencies is having a vision of who you are and staying true to that vision, as this determines your true leadership capability. Deeply held aspirations, beliefs, and values are the foundation for effective and sustainable leadership; they are what keep us grounded as leaders and as human beings.

The model, which we refer to as Grounded Leadership, draws upon our own research as well as recent advances in neuroscience, psychology, sociology, and biology. Grounded leaders achieve the balance of being an outstanding and sustainable leader, while also finding ways to be outstanding and sustainable as a human being. To be grounded, we must excel in the following ways:

- **Physically.** How we live, including body/mind awareness, energy management, and a peak performance lifestyle.
- **Emotionally.** How we feel, including self-awareness, positive emotions, and resilience.
- **Intellectually.** How we think, including deep curiosity, adaptive mindset, and paradoxical thinking.

- **Socially.** How we interact, including authenticity, mutually rewarding relationships, and nourishing communities.
- **Vocationally.** How we perform, including a meaningful calling, personal mastery, the drive to succeed.
- **Spiritually.** How we view the world, including higher purpose, global connectedness, and generosity of spirit.

By identifying and nurturing our own roots, we are in a better position to create teams and organizations that allow everyone to discover their own unique purpose—and in turn, nurture their own roots. And everyone benefits from the greater good.

Bob Rosen is founder, chairman and CEO of Healthy Companies International, a leadership development firm dedicated to transforming the world, one leader at a time. He is the author of *Grounded: How Leaders Stay Rooted in an Uncertain World*.

Bob.Rosen@healthycompanies.com.

Designing Organizations to Enable Purpose: The Promise and Pitfalls of Alignment

By Ronald Capelle

While smaller work units may seem key to achieving purpose, all organizations can be designed to better foster purpose. We have seen this across 100 large-scale projects and 24 research studies; optimizing organizational design leads to better employee engagement, as well as increased customer satisfaction and financial performance.

In fact, alignment of the manager-direct report relationship, by itself, leads to better employee engagement (as well as the other two outcome measures). There is a key to increasing alignment and two pitfalls to avoid.

The Key to Manager-Direct Employee Alignment

Every employee should have a manager exactly one level above, both in the complexity of work done and the capability to work at that level. Our research shows that, in a well-designed manager-direct report relationship, each level in an organization is different in the nature of work, the complexity, and the capability required to perform at that level. We calibrate this with measures of time span analysis and information processing capability; yes, there actually is a science to organizational design with predictable results. Those results include increased employee engagement and the opportunity to experience higher purpose or meaning in one's work.

Pitfalls of Poor Alignment

One common pitfall is compression, when the manager and the direct report are actually operating at the same level. Organizational charts don't tell you this, but employees can tell you when they are doing essentially the same job as the boss, and how that makes them feel.



In compression situations, managers tend to micromanage and not add sufficient value. Direct reports, in turn, cannot work to their full capability. Can you see how this sets the stage to stifle employee engagement and purpose?

Another common pitfall is the gap, when a manager and a direct report are operating more than one level apart, leaving a vacuum of focus and work to which neither attends. As a result, the manager feels “pulled down into the weeds” or sees the direct report as having “no initiative.” The direct report sees the manager as not providing appropriate guidance or setting them up to fail. It's hard to feel purpose when the employee and the manager are unintentionally at odds figuring out who should do what.

Purpose Emerges in the Power of Proper Alignment

If manager, direct report alignment is so important, how well do organizations rate

on this dimension? We have a database of more than 59,000 relationships in 76 organizations. Manager-direct report alignments are correct 55 percent of the time; compression exists 36 percent of the time; and gaps exist 9 percent of the time. Imagine the cost of compression and gaps, in wasted time and in lost opportunity to foster purpose!

Creating appropriate positions and matching people to them is an underlying key to enabling purpose. If you want to foster increased purpose, focus on the promise and pitfalls of organizational design.

Ronald Capelle, president of Capelle Associates, is the author of *Optimizing Organization Design: A Proven Approach to Enhance Financial Performance, Customer Satisfaction and Employee Engagement*. rcapelle@capelleassociates.com