BRUNSWICK REVIEW

A JOURNAL OF COMMU TE RELATIONS ISSUE 13 2017

WORK FORCE

PAUL STEIGER
SOUTHWEST AIRLINES
LINKEDIN

YVES MORIEUX
MARS
ANT FINANCIAL

Brunswick Group OFFICES

ABU DHABI
Office 506
Park Rotana Office Complex
Twofour54
PO Box 77800
Abu Dhabi
United Arab Emirates
T: +971 2 234 4600
F: +971 2 245 1401
uaeoffice@brunswickgroup.com

BEIJING
2605 Twin Towers (East)
B12 Jianguomenwai Avenue
Beijing, 100022
People's Republic of China
T: +86 10 5960 8600
beijingoffice@brunswickgroup.com

BERLIN
Taubenstraße 20-22
10117 Berlin
Germany
T: +49 30 2067 3360
F: +49 30 2067 3366
berlinoffice@brunswickgroup.com

BRUSSELS
Avenue des Arts 27
1040 Brussels
Belgium
T: +32 2 235 6510
F: +32 2 235 6522
brusselsoffice@brunswickgroup.com

CHICAGO
300 North LaSalle Street
Suite 2260
Chicago, IL 60654
USA
T: +1 312 800 8120
chicagooffice@brunswickgroup.com

DALLAS
200 Crescent Court
Suite 1850
Dallas, TX 75201
USA
T: +1 214 254 3790
F: +1 214 254 3791
dallasoffice@brunswickgroup.com

DUBAI
Level 5
Gate Village Building 10
PO Box 506691
Dubai International
Financial Centre
Dubai
United Arab Emirates
T: +971 4 446 6270
F: +971 4 560 9601
uaeoffice@brunswickgroup.com

FRANKFURT
Thurn-und-Taxis-Platz 6
60313 Frankfurt am Main
Germany
T: +49 69 2400 5510
F: +49 69 2400 5555
frankfurtoffice@brunswickgroup.com

HONG KONG
12/F Dina House
11 Duddell Street, Central
Hong Kong SAR
T: +852 3512 5000
F: +852 2259 9008
hongkongoffice@brunswickgroup.com

JOHANNESBURG
23 Fricker Road
Illovo Boulevard, Illovo
Johannesburg
South Africa
T: +27 11 502 7300
F: +27 11 268 5747
johannesburgoffice
@brunswickgroup.co.za

LONDON
16 Lincoln's Inn Fields
London WC2A 3ED
United Kingdom
T: +44 20 7404 5959
F: +44 20 7831 2823
londonoffice@brunswickgroup.com

MILAN
Via Solferino, 7
20121 Milan
Italy
T: +39 02 9288 6200
F: +39 02 9288 6214
milanoffice@brunswickgroup.com

MUMBAI
The Capital
814, 8th Floor
C-70, G Block, Bandra Kurla Complex
Bandra East
Mumbai 400 051
India
T: +91 22 61358500
mumbaioffice@brunswickgroup.com

MUNICH
Widenmayerstraße 16
80538 Munich
Germany
T: +49 89 809 90 250
F: +49 89 809 90 2555
munichoffice@brunswickgroup.com

NEW YORK
245 Park Avenue
14th Floor
New York, NY 10167
USA
T: +1 212 333 3810
F: +1 212 333 3811
newyorkoffice@brunswickgroup.com

PARIS
69 Boulevard Haussmann, 6th Floor
75008 Paris
France
T: +33 1 53 96 83 83
F: +33 1 53 96 83 96
parisoffice@brunswickgroup.com

ROME
Piazza del Popolo, 18
00187 Rome
Italy
T: +39 06 36712806
F: +39 348 7098590
romeoffice@brunswickgroup.com

SAN FRANCISCO
One Bush Street
Suite 1400
San Francisco, CA 94104
USA
T: +1 415 671 7676
F: +1 415 671 7677
sanfranciscooffice
@brunswickgroup.com

SÃO PAULO
Avenida Dr. Cardoso de Melo
1.340 - Sala 42
Vila Olímpia
São Paulo SP
Brasil 04548-004
T: +55 11 3076 7620
saopaulooffice@brunswickgroup.com

SHANGHAI
Room 2907,
United Plaza
1468 Nan Jing Road West
Jing'an District
Shanghai 200040
People's Republic of China
T: +86 21 6039 6388
shanghaioffice@brunswickgroup.com

SINGAPORE
6 Battery Road
#16-06 Singapore 049909
T: +65 6426 8188
F: +65 6426 8199
singaporeoffice@brunswickgroup.com

STOCKHOLM
Fourth Floor
Birger Jarlsgatan 15
111 45 Stockholm
Sweden
T: +46 8 410 32 180
F: +46 8 611 00 56
stockholmoffice@brunswickgroup.com

VIENNA
Concordia Haus
Bankgasse 8
1010 Vienna
Austria
T: +43 1 907 65 10
F: +43 1 907 65 10 40
viennaoffice@brunswickgroup.com

WASHINGTON, DC
600 Massachusetts Avenue, NW
Suite 350
Washington, DC 20001
USA
T: +1 202 393 7337
F: +1 202 898 1588
washingtonoffice@brunswickgroup.com

Brunswick Group COMPANIES

BRUNSWICK ARTS
16 Lincoln's Inn Fields
London WC2A 3ED
United Kingdom
T: +44 20 7404 5959
brunswickarts@brunswickgroup.com
www.brunswickarts.com

MERCHANTCANTOS
16 Lincoln's Inn Fields
London WC2A 3ED
United Kingdom
T: +44 20 7242 1336
F: +44 20 7936 7788
office@merchantcantos.com
www.merchantcantos.com

THE LINCOLN CENTRE
18 Lincoln's Inn Fields
London WC2A 3ED
United Kingdom
T: +44 20 7936 1300
F: +44 20 7396 3535
info@thelincolncentre.co.uk
www.thelincolncentre.co.uk

SIR ALAN PARKER

CHAIRMAN, BRUNSWICK GROUP

IT IS, PERHAPS, SOMEWHAT OVERDUE FOR US TO SPEND AN ISSUE OF THE *Brunswick Review* focusing on one of any CEO's and leadership team's top priorities: the human dimension of great performance. We spend a lot of time dealing with external factors. So many are significant and fast-changing, creating massive uncertainty and complexity. However, the business of engaging people within organizations is going through just as profound a change as the worlds of technology and capital markets.

We know that everybody could contribute more and perform better given the right motivation and environment. Our problem is how to achieve this. What's exciting is that attitudes are changing, partly as a result of new ways of working, and also because technology has torn down many of the barriers that prevented leaders from speaking directly to colleagues, creating new opportunities to inform, share and inspire.

Many organizations are powering up engagement with stakeholders by recognizing we are in the age of networks and conversations. Conversations taking place internally are now integrated with external ones, and this presents huge opportunities through new channels and platforms. These can be used not just to make pronouncements or answer questions, but to develop and keep live dialogues going, which can be empowering for everybody involved. The art and science of engaging in productive conversation is very different from the old business of broadcast communications. Using technology alone doesn't necessarily deliver that shift, but it can help us recognize how and where the conversations are taking place, and where the heat in them resides.

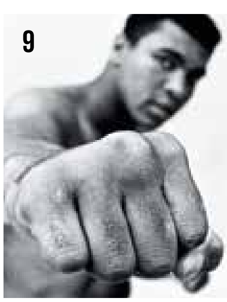
A significant part of what we hope we're achieving through better engagement is increased productivity. Again, however, it's not as simple as adding new approaches and technology. One of the great unexplained mysteries of our time is how, with all our new tools, productivity growth in the OECD countries has slowed and stubbornly resists improvement. At our Brunswick gathering this summer, Yves Morieux from BCG gave a brilliant exposition of the power of commitment and collaboration, and I'm delighted we have an excerpt from his speech in the *Review*. His conclusion is deceptively simple: "Companies need to produce something called 'satisfaction at work.'"

A key component of sustained performance is recognizing the importance of a purpose, or an organization's "why." That "why" is the crucial part of any story but is too rarely articulated or shown in action. There's a naval adage: direction is important but movement more so. Momentum facilitates change. Pointing alone doesn't get you there.

Creating a positive, productive culture, with a shared sense of ownership, requires constant effort and invention. Across the world with our clients, we see more creativity and commitment to this crucial area. I hope this edition offers provocations, illustrations and examples that are useful and inspiring.

The business of engaging people within organizations is going through just as profound a change as the worlds of technology and capital markets

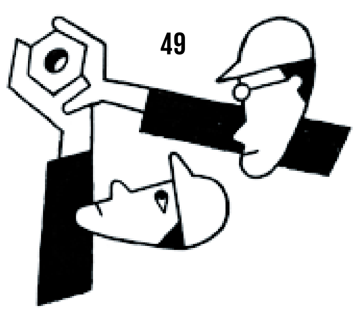
PHOTOGRAPH: DAVID REES


9


29

56

38



49

50

SPOTLIGHT

IN THE SECTION:

Shift CHANGE

What does "employment" mean today?

In the UK, the term "employee" is often used as a surrogate designator for the outmoded concept of "working class." In the "good old days," employees were set up as the opposite to bosses. Employees formed trade unions to engage in collective bargaining, sometimes backed up by strikes. Bosses, in turn, were either benign patriarchs (Cadbury) or malign tycoons.

This language and these concepts have largely wilted. Jamie Dimon as the boss of JPMorgan is as much an employee as the humblest wage clerk. The defining characteristic of today's employee, rich or poor, is merely that he or she should have a contract of employment, as opposed to some lesser arrangement. That contract may be between two real people or between a real person and an artificial one, perhaps an LLP. Although both parties have legal personality and can make contracts, there are obvious differences.

For example, a company has eternal life as long as it does not go bankrupt, at which point it typically dies; a human has no eternal life but does not die on bankruptcy; people nonetheless seem to last longer than do most companies.

The idea of employment is, however, still a necessary part of modern capitalism. It enables an employer to know what human resources will be at its disposal over what period; it enables the employee to know where the next meal, or super-yacht, is coming from.

But even this modern form of contract is now breaking up. Employees do not want many of the commitments of traditional employment (no time to smell the roses, no gap year), nor do employers want the associated obligations: insurance, pension and other collateral benefits – a corporate jet at the top end, a luncheon voucher at the bottom.

The old bargain is no longer so attractive to either side. The new "zero hours" contract – "I will work for you, but not commit to anything; you will work for me, but I will not promise to give you any work" – may be good for the government's employment statistics, but is not employment as generally understood. As to the new tech-enabled business, is Uber an employer or merely a well from which the self-employed can draw their own water? Is Airbnb an employer, a hotelier or merely a website?

> Employment is a concept which people still value. But the ways we organize work are in flux

There is a current idea in discussion that there should be a link or ratio between what the top employee in a company gets paid and what the lowest paid receives. It is easy to see the political argument that the cook in the NASA canteen should have his pay linked to that of an astronaut but it is harder to see any economic validity. The canteen worker may need to become an independent contractor or perhaps, with his fellow cooks, form his own corporation, where the pay ratios are always one-to-one.

Employment is a concept that people do still value. "I lost my job" is usually a plaintive wail, whether from high or low. Similarly "I have a new contract" is often a proud boast. The ways in which we organize to work are in flux. "Bosses" and "Workers" is no longer a natural divide (as our political parties are discovering to their consternation).

A new breed, the entrepreneur, the self-employed, the ad hoc contractor, is ascendant – and good luck to them. They have no job security, no guaranteed income and no pension provided, but they are the new reality.

Many of these free agents (the humans) will live to be 100, so let's hope the new model works.

Rob Webb QC is a Brunswick Senior Adviser based in London.

ILLUSTRATION: ROBERT NEUBECKER

“If the email is important, the sender can always send it again” Arianna Huffington

PHOTOGRAPH: DREW ANGERER/GETTY IMAGES

DELETE to the rescue

Arianna Huffington’s new startup uses a program that automatically deletes any email you receive while on vacation

IN HER QUEST TO SALVAGE humankind’s personal life from the incessant creep of work, Arianna Huffington is a powerful advocate for long vacations, long nights of sleep and long escapes from one’s devices.

Now she has proposed a cure for what many professionals might call the cancer of modern working life: vacation-disrupting email. Surely everyone has debated which is the lesser evil: devoting a portion of each vacation day to email management, or returning with utter dread to a mountain of accumulated messages? The first choice, tackling work as it comes, may seem more disciplined, not to mention kinder to your next-week self. But how kind to your spouse and children are your daily disappearances into your phone?

The problem has become too big to ignore. France even went so far as to implement a new law in 2017, allowing employees to ignore after-hours email.

At her new startup, Thrive Global, an information site devoted to health and well-being, Huffington addresses the problem at the user end, with a program that deletes email during one’s vacations, after dispatching an out-of-office message specifying date of return.

“It’s not waiting for you when you get back or, even worse, tempting you to read it while you’re away,” Huffington wrote in an essay this summer in the *Harvard Business Review*. “It frees you from the mounting anxiety of having a mounting pile of emails waiting for you on your return – the stress of which mitigates the benefits of disconnecting in the first place.”

Might crucial messages be missed? “If the email is important, the sender can always send it again,” Huffington wrote.

Business between two worlds

Excerpt of an interview with Kenneth Jarrett, President of the American Chamber of Commerce in Shanghai

For over 100 years, the American Chamber of Commerce in Shanghai has served as the "voice of American business" seeking to compete in China. Founded in 1915 by 45 US business leaders, the group was part of an exploding American presence. A century later, Shanghai is home to some 23,000 US expatriates and the Chamber's membership stands at nearly 1,600 companies.

In an interview with AmCham President Kenneth Jarrett, we spoke about a range of topics, from how differences in workplace culture affect competition between US and Chinese companies to the shifting terrain of international regulation and trade.

AmCham's 2017 China Business Survey, published in

The time has come to start taking PODCASTING seriously

Let's be clear: podcasting is not a new technology. Apple added podcasts to the iTunes store in June 2005, and audio has been an important part of the internet story for a lot longer than that. But lately, podcasting has moved from the media fringe to a growing and distinct form, similar but different from conventional radio, with opportunities for advertising and storytellers alike. **Bottom line:** podcasting is no longer a sideshow, but an important new media format.

Think of it as radio's equivalent of a decentralized Netflix. As with streaming video, podcasts aren't broadcast live – you can listen at your leisure. You can even binge on old episodes. As with streaming video, podcasting has attracted both traditional media companies – NPR produces some of the most popular podcasts – and a wide range of upstarts. Like videos, podcasts can be two minutes or two hours and a series can appear daily, or weekly, or as one-offs. Like YouTube videos (and old-fashioned TV and radio), they are typically ad supported. There are now thousands of podcasts, on every conceivable topic – comedy, politics, sports, technology, business … even narrative fiction.

If this were an actual podcast, I might spend the next 90 minutes telling you all the reasons podcasts are not just the next big thing, but the current big thing. Instead, I'm trapped in this little print box. So here are the three primary reasons you need to start tuning in.

In the Mainstream If you aren't listening, you will soon enough. A recent survey by Edison Research and Triton Media found that 60 percent of the US population have heard the term "podcast"; 40 percent have listened to at least one; 24 percent have listened in the last month. On average, a regular listener spends five hours listening to five different podcasts each week.

New Ad Medium According to the Internet Advertising Bureau, podcasts will haul in $220 million from advertising this year, up 85 percent from 2015 – and the growth rate is accelerating. Podcast ads tend to generate rates higher than traditional web ads for good reason: you can't easily skip past them as you can with video.

Medium for Storytellers For CEOs, podcasts offer a rare opportunity to tell stories at length. The average TV spot lasts a few minutes at best. Radio interview opportunities are rare, and generally have limited reach. And even long interviews with print outlets are subject to filtering by reporters and editors. On a business-focused podcast such as "Fortt Knox" (from CNBC's Jon Fortt), "Recode Decode" (tech guru Kara Swisher) or "Masters of Scale" (venture investor Reid Hoffman), interviews can run 20 minutes or longer. Let's see radio do that.

Eric Savitz is a Partner in Brunswick's San Francisco office, and an avid podcast fan. Among his favorites: "Revisionist History," "The Daily" and "Baseball Tonight."

ILLUSTRATIONS: NOMA BARR/ROBERT NEUBECKER

July, showed that while optimism for business prospects over the next five years remains high, it is still down 10 percent from several years ago, pressured by a slowing Chinese economy, growing domestic competition and a perceived increase in favoritism by the government toward domestic companies.

"China's use of industrial policies to develop what they call 'national champions' is one example," says Jarrett.

"Local companies in certain emerging technologies with long-term strategic importance – like AI, Internet of Things, new energy vehicles, robotics, new materials – receive the full resources of the state. That makes it hard for American companies to compete."

On the other hand, businesses seem to be shrugging off uncertainty from the Trump administration's trade relationship with China, and Chinese companies remain eager for US deals, Jarrett says.

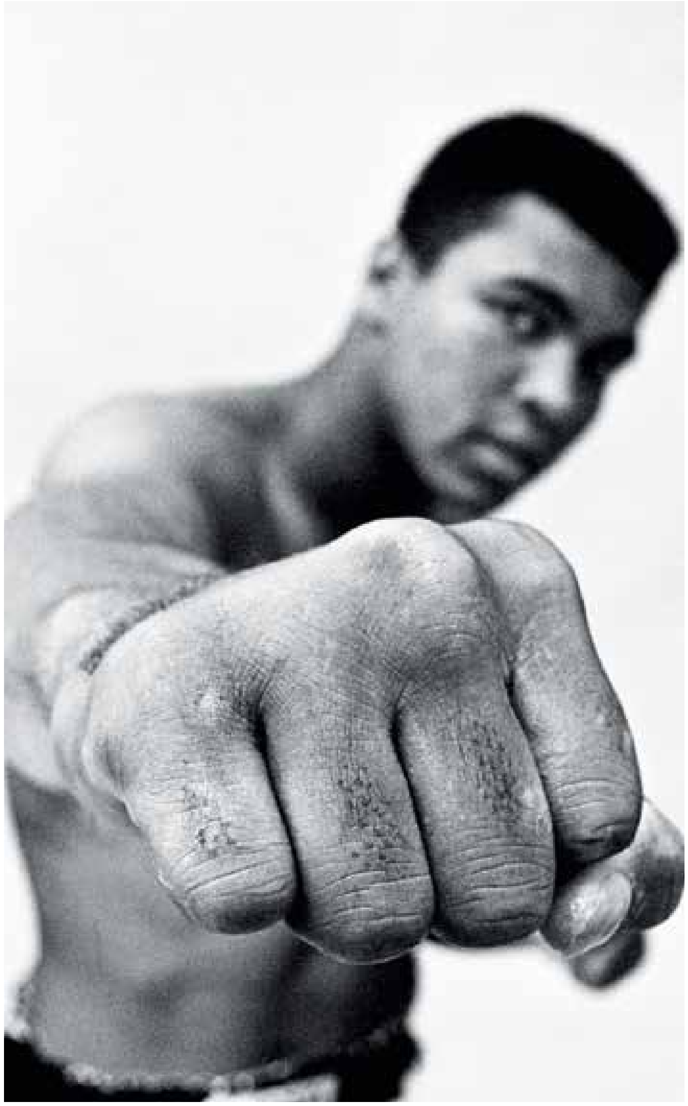
"Many Chinese see Trump as a president sympathetic to investment, given his focus on job creation, and there are plenty of US states that eagerly welcome Chinese investors. Yes, there is some anxiety growing among Chinese investors looking to make technology acquisitions, but that is specific to that industry."

More important to the Chinese investors, he says, is the scrutiny from the President Xi administration's recent tightening on offshore investment flows, which has at least temporarily reduced cross-border M&A activity. "This has been very significant indeed," Jarrett says. "The number of deals has dropped, the size of deals is much smaller, and deals are taking longer to close."

For a full transcript of our interview with Kenneth Jarrett, visit *www.brunswickgroup.com/review*.

***Rory Macpherson**, a Partner, and **Anne Bark**, a Director, are based in Brunswick's Shanghai office.*

PHOTOGRAPH: COURTESY OF HOUGHTON MIFFLIN HARCOURT



"The Greatest" as CEO

Muhammad Ali was a role model, but not as a business leader, says his biographer

"You the boss with the hot sauce!" Drew "Bundini" Brown once shouted at his employer, Muhammad Ali, as Ali stepped across the ring to begin a fight.

Ali was indeed the boss. He ran a multi-million-dollar sports and marketing company, employing his corner man Bundini Brown and dozens of others at any given time. Unfortunately, though, when it came to business, Ali was decidedly not the greatest. While his workers adored him, he made consistently poor decisions, burning through cash, investing foolishly, and hiring workers and advisers who routinely ripped him off.

At the start of his professional career, when Ali was still known as Cassius Clay, he didn't have to be the boss and didn't want to be. He turned over business decisions to a group of wealthy white businessmen from his hometown of Louisville. The Louisville consortium kept the mafia and the IRS away from Clay, and Clay quickly became one of the highest-paid athletes in America.

But in 1964, when the boxer joined the Nation of Islam and accepted the name Muhammad Ali, he took more control of his career. The results were ugly.

Ali's entourage grew. "What does he do?" became a common question in the fighter's training camp, as new employees showed up in a seemingly endless parade, their duties unspecified, salaries to be determined. Ali liked it that way. He liked company. He liked chaos. Budgets were for ordinary people, not world champions. Only late in his career did Ali understand that business expenses were tax deductible. Similarly, it was not until too late that Ali learned he could purchase health insurance for employees; for years, he paid their bills out of his own pocket.

Ali's poor business decisions had devastating consequences. In 1974, after defeating George Foreman in Zaire, Ali was urged by some of his most trusted advisers to retire. Instead, he kept fighting, even when he knew that boxing was causing cognitive damage. He went on, like so many others, because boxing was the thing he did best – and the thing that paid him best. Sadly, at the age of 39, Ali still needed the money, and he was still fighting.

Would he have been better off if he'd recognized his limitations and let someone else be the boss of his enterprise? Perhaps. But Ali's greatness sprang from his refusal to do what others expected. That was his secret power. That was his hot sauce. I doubt that any boss was ever going to change that.

***Jonathan Eig** is a former Senior Special Writer for* The Wall Street Journal *and the author of several books, including the newly released* Ali: A Life *(Houghton Mifflin Harcourt) and two other acclaimed bestsellers,* Luckiest Man: The Life and Death of Lou Gehrig, *and* Opening Day: The Story of Jackie Robinson's First Season, *both published by Simon & Schuster.*

Why are CEOs bothered about GLOBAL LGBT+ RIGHTS?

IN A GLOBAL BACKLASH against LGBT+ rights, millions are routinely subject to discrimination, harassment or arrest because of their sexual orientation or gender identity. For global businesses, this is a real cause for concern.

These company leaders know that open, inclusive societies are better for economic growth, and that the spread of anti-LGBT laws is bad for business. That's why 22 global companies have joined forces in the Open For Business coalition to promote the economic case for inclusion. To talk about why this issue matters, we turned to leading CEOs themselves.

Drew Keller is Program Director for Open For Business. Jon Miller, a Brunswick Partner, co-founded Open For Business.

RICH LESSER
President and CEO, Boston Consulting Group

"We need to work as leaders in the business communities to share that perspective on LGBT+ inclusion. There's a strong case on what's right to do, but there's also a strong case on the economics. There's so much research that says when people can be themselves, they contribute at a higher level, you get more creativity, you get better teamwork, you get more impact."

SUSAN GILCHRIST
Group Chief Executive, Brunswick

"In many parts of the world, we're literally going in the wrong direction. And that's difficult, not just from a personal point of view or moral point of view, but actually from a business point of view. What's fascinating is that society expects business to have a point of view on these things, and business is one place that can actually take a stand."

JIM SMITH
President and CEO, Thomson Reuters

"I don't think there's any question that diverse organizations perform better. I know for a fact that a diversity of perspectives and opinions enlivens dialogue and always comes up with a better answer. Collectively, we're able to move the ball further than we could do individually."

BILL WINTERS
Group Chief Executive, Standard Chartered Bank

"We all operate in parts of the world where the LGBT+ community is not as welcome or, in some cases, not welcome at all. I think leadership is always about taking some bolder and occasionally controversial decisions. Open For Business, for us, is a great way to make a very clear statement."

GIDEON MOORE
Firmwide Managing Partner, Linklaters

"If you look at the Fortune 100, those at the top also have good scores for how they look at diversity from a business perspective. If you're able to promote diversity and inclusion by reference to the fact that it's better for business, better for society, better for the economy, that's also able to push the argument to a different level."

RICHARD BRANSON
Founder, Virgin Group

"It's sad that this subject should even have to be discussed in this day and age. It should go without saying that everyone should be treated equally and properly. The debate should have been won on a global basis. Business leaders can take the lead to put pressure on governments to change some of these ghastly laws that still exist. The power of a collective business voice is extraordinarily strong."

VIVIAN HUNT
Managing Partner, UK and Ireland, McKinsey & Co.

"The evidence shows that diverse teams perform better. But the absence of diversity also is correlated with negative performance. Being 'Open For Business' has to be grounded in your core business objectives. I don't think about it as branding, PR or CSR. I think about it more as part of your license to operate."

MARK WEINBERGER,
Global Chairman and CEO, EY

"One of the really important things Open For Business is doing is bringing together organizations to build a comprehensive business case for LGBT+ inclusion, backed by solid evidence. It just doesn't make business sense to discount any person based on their religion, their race, sexual preference or gender. If other big businesses do the same thing, together we really can make a difference in communities around the world."

OPEN FOR BUSINESS is a coalition of global companies making the economic and business case for LGBT+ inclusion. The coalition includes leading global companies Accenture, American Express, AT&T, Barclays, Boston Consulting Group, Brunswick, Burberry, EY, Google, IBM, LinkedIn, Linklaters, MasterCard, McKinsey & Company, Microsoft, Royal Bank of Scotland, Standard Chartered, Thomson Reuters and Virgin Group. You can watch CEOs speaking about Open For Business at www.open-for-business.org.

PHOTOGRAPHS: BRANSON, SAV/CONTRIBUTOR; WEINBERGER, TONY BARSON/CONTRIBUTOR/GETTY

ILLUSTRATION: ROBERT NEUBECKER

The HAPPINESS policy

The UAE has created a new government post: the Minister of Happiness

IN 2016, THE UAE RAISED A FEW eyebrows when it appointed the world's first Minister of State for Happiness. The post went to Her Excellency Ohood bint Khalfan Al Roumi, one of five woman appointed to the country's cabinet.

How can any state institutionalize something so elusive? Isn't quality of life better gauged by hard numbers – such as GDP, life expectancy, social support outlays?

Perhaps. Yet there is ample evidence to show that treated separately, happiness is an effective measure of social progress and deserves to be the goal of public policy. The Kingdom of Bhutan has been championing gross national happiness as a measure of progress since the 1970s. At the UN, the World Happiness Report has also been produced annually since 2012, rating nations based on the happiness of their people – Norway topped the list this year, incidentally.

A prime goal of any effective employee engagement is to ensure workers are reasonably … happy. There's no better word. A happy workforce is better able to focus on delivering success. The UAE is simply applying that theory to a larger group: 9 million people.

Is it working? His Highness Sheikh Mohammed bin Rashid Al Maktoum, the UAE's Vice President and Prime Minister and Ruler of Dubai, admits it is early days. He said the country was at the "beginning of our journey" when the Cabinet endorsed the National Happiness and Positivity Charter last year. Yet progress is evident.

As well as the Happiness Minister, 60 Chief Happiness Officers have been appointed and trained in the "science of happiness" at the US's Greater Good Science Center at the University of California, Berkeley. They work on "Happiness Councils" in every government department on initiatives to create a happier society. Customer service centers have been re-focused as "customer happiness centers," and the Happiness and Positivity Heroes Medal was introduced to reward uncommon efforts to make people happy.

> A prime goal of any effective employee engagement is to ensure workers are reasonably ... happy. There's no better word

More recently, the Friends of Happiness Platform, a website encouraging public involvement in the National Happiness and Positivity Program, was launched and the Emirates Center for Happiness Research was opened. One of the center's chief jobs is to assess happiness indices, an important topic as the country wrestles with the best way to benchmark success.

A survey in the UN Happiness Report shows that the country is going in the right direction. In 2016, it was the 28th happiest place and this year it had risen seven places to 21st. The authors of that report believe that high GDP, life expectancy, generosity, social support and freedom, and low levels of corruption are the key drivers of a happy society.

Just the sorts of things governments are elected to tackle. Perhaps there is a place for "happiness" after all.

__Simon Pluckrose__ and __Zein Bushnaq__ are Directors at Brunswick Group in Dubai.

Culture clash

It stands to reason that a company wouldn't want warring subcultures within its walls. Doesn't it?

ACTUALLY, MICHAEL TUSHMAN thinks that conflicting subcultures can strengthen a company's overall culture. Tushman, a professor at Harvard Business School, is the developer along with David Nadler of the Congruence Model, which 40 years after its creation remains crucial to our understanding of organizational performance.

A key tenet of the model is that culture can amplify or diminish a company's performance. In an interview with the *Brunswick Review*, Tushman argues that there are no "right" or "wrong" cultures, but rather strong and weak ones. Creating a strong culture requires time and resources. If nurtured in alignment with a company's identity and strategy, culture can enhance profits, and make it easier to recruit, retain and develop talent.

"Strong-culture organizations consistently outperform weak-culture organizations, or cultures that are diffused," Tushman says. "In a strong-culture organization, you can employ regular people and they will do extraordinary things. They are on fire, rooted in the culture."

Among Tushman's suggestions is one that some people may find surprising: leaders should not insist on uniformity, but instead develop "ambidexterity" by allowing multiple cultures to grow organically as long as they fit under the company's core guiding principles. "Multiple subcultures that are contrasting with each other" can provide options and increase resiliency, Tushman says.

For more of Tushman's thoughts, visit *www.brunswickgroup.com/review.*

__Ash Spiegelberg__ is a Partner based in Dallas. __Will Rasmussen__ is a Director based in New York.

"Your employees come first. And if you treat your employees right, guess what? Your customers come back, and that makes your shareholders happy. Start with employees and the rest follows from that"

Herb Kelleher
co-founder of Southwest Airlines

"I think, sometimes, our company's gone a little bit too much team-member focus at the expense of our customers"

John Mackey
CEO, Whole Foods, in a 2017 town hall meeting

PRIORITIES of business leaders

According to a BRUNSWICK INSIGHT survey of nearly 43,000 employees around the world, the top priority of business leaders is to serve themselves. Their next priority is shareholders, followed by customers, the communities in which they operate, employees and finally society as a whole

THEMSELVES
THEIR INVESTORS/ SHAREHOLDERS
THEIR CUSTOMERS
THE COMMUNITIES IN WHICH THEIR OFFICES OR FACTORIES ARE LOCATED
THEIR EMPLOYEES
SOCIETY AS A WHOLE

ILLUSTRATION: JUSTIN METZ

WORK FORCE

SUSAN GILCHRIST CEO, BRUNSWICK GROUP

IF YOU HAD TO SWITCH OUT THE MIDDLE WORD IN CHIEF EXECUTIVE Officer, what alternative would you choose? Chief Shareholder Officer? Shareholder activists would approve. Or would you opt for something more inclusive: Chief Stakeholder Officer? Here's a thought: Chief Employee Officer. There's something more than simply poetic about CEOs prioritizing their workforces: it's smart business. In this issue of the *Brunswick Review,* we explain why, and offer lessons and advice on how to make your workforce the pride and profit center of your organization. • In these pages, an executive of Mars explains how the chocolate and petcare leader consistently lands high atop lists of the best places to work. LinkedIn's top executive in Asia shares with us the deep trust the company places in its employees, and the rewards it brings. Cleveland Clinic's Chief Executive tells of the dramatic improvement that ensued after the medical facility began referring to all employees, even maintenance workers, as "caregivers." A Chinese financial giant describes how it named itself after a tiny insect because of its spectacular capacity for teamwork. • Some challenges are tougher than others. A South African mining executive talks about the difficulty of communicating with a workforce that's not only multilingual but also too far underground to receive email and texts. Sure to be controversial, meanwhile, is Arianna Huffington's proposal that emails while an employee is on vacation be automatically deleted. • How to keep top talent happy is a challenge familiar to every leader. ProPublica founder Paul Steiger talks here about how, during 16 years as Managing Editor of *The Wall Street Journal*, he groomed (and maintained peace between) the future top editors of CNBC, the *Washington Post*, Reuters, *USA Today* and Time Inc. • Also in these pages, Brunswick's own employee-engagement experts dispense truths and dispel myths, including whether engagement surveys are worthwhile. One point they make is that the popularity of celebrities reveals a deep human hunger for role models. "Are the leaders in your business role models for employees? Do they display the behaviors you want employees to copy?" • There's a thought for leaders: be the employee you want your employees to be.

PHOTOGRAPH: DAVID REES

Brunswick's **CHRISTOPHER HANNEGAN, NICK HOWARD,** and **GIOVANNA FALBO** say that employee engagement done right can unlock commercial value

Employees swamped with emails, texting and checking social media platforms on their phones 24 hours a day. Workers completing repetitive tasks hour in, hour out with little enthusiasm. The line between work and personal time blurring ever more. None of that would matter if employees weren't absolutely vital to a company's success.

Little wonder that CEOs today are embracing the term Employee Engagement as if it were new. It isn't, of course. What's new is the recognition that no relationship matters more in business than that between top executives and their employees. Gone are the days of Chainsaw Al, the days when ax-wielding executives boasted about the number of jobs they'd cut. Now top leaders understand that harmonious relations with investors and the media begin at home, with their own employees.

We believe it misses the point to think of employee engagement as a process, tool or methodology. The engaged employee is actually an outcome. Engaged employees are ones who conscientiously behave in ways that deliver extraordinary value to businesses and their customers.

Engagement is a behavior. This is good, because you can measure behavior. It can be defined, observed and its resulting outcomes tracked. Given that the required outcomes in every business are different, so too are the behaviors needed to achieve them. We're not proposing any investigation into employee thoughts and feelings (although it can be useful to understand those as well). We're looking at what employees actually do.

The best news about behavior is that it can be influenced. This fact is obvious to parents, teachers and coaches. It's also obvious to casual observers of popular culture. We know that celebrities are role models for multitudes of fans. Are the leaders in your business role models for employees? Do they display the behaviors you want employees to copy?

This throws up some important questions for CEOs and other leaders.

1 IS INTERNAL COMMUNICATION THE SECRET BEHIND EMPLOYEE ENGAGEMENT?

No. When a CEO asks, "How can we better communicate our strategy?" what she actually means is, "How can we better inspire employees to do the things that will execute our strategy?"

Achieving that goal requires more than effective internal communications. Efforts to engage employees should include models of leadership not only at the top but throughout the organization, supported by a culture that appreciates individuals, recognizes and takes full advantage of their talents and shows concern about their overall experience. There should also be a strong link to what management says internally and what it is saying to the media and investors. Now more than ever, employees see and read external communications with a skeptical eye, searching for inconsistencies. While good internal communication is always

ILLUSTRATIONS: MIGUEL PORLAN

a feature of employee engagement, the two are not synonymous.

2 SHOULD WE START WITH THE MESSAGE?
That's the standard approach for most internal comms-focused employee engagement campaigns. But we believe you should start with your desired outcomes and work back from there. What is it you need to achieve? What do employees need to do to deliver that? And what will influence them to behave in that way? Then build your engagement programs around those drivers.

Maybe you need to think about reward and recognition differently. Maybe you need to look at the systems and tools employees use to do their jobs. Maybe you need to improve management or leader capability. Or maybe it's something else entirely.

3 IS AN ENGAGEMENT SCORE OF 73 (OR SOME OTHER NUMBER) GOOD?
Who knows? Many employee engagement practitioners swear by surveys. But the truth is, most off-the-shelf employee engagement surveys are pretty useless. They give business leaders reams of descriptive data with very little insight. They're based around question sets developed years ago, sometimes decades. Sometimes these sets are designed to tell executives what they want to hear to increase the chances of a lucrative multi-year contract with the research company being signed. Almost invariably, these surveys result in a score that will be benchmarked against so-called "high performing companies." Let's say you're a manufacturer of automotive components. Why would you want to be benchmarked against a bundle of companies that includes financial services, retailers, cement manufacturers and software developers? It's fine, of course, to be inspired by the success of utterly different companies in utterly different industries. But what you want to benchmark is the behavior of your employees against your very particular needs.

4 SO IS ALL EMPLOYEE RESEARCH A WASTE OF TIME?
No, particularly if you identify areas of high performance and productivity in your business and then use research to understand what's happening there. In other words, what are employees actually doing to deliver those results and how could you replicate it?

Understand what's influencing high-performing employees, then persuade the CEO and leadership team to reinforce and replicate those drivers. That will get you observable results that will render obsolete those arbitrary engagement scores.

Where do we go from here?

New skills and models for working together are needed to carry out effective employee engagement programs. Silos need to be jumped, budgets and legacy programs reconsidered. And increased acumen in social, digital, behavioral psychology, measurement and creativity may need to be added. The world has changed; companies must change their view of employee engagement accordingly.

We need to put ourselves in employees' shoes, acknowledging that they're bombarded with information, experiences and direction that may seem confusing and contradictory. It's not reasonable for any one department – whether that's Communications or Human Resources – to own employee engagement. It must be a shared responsibility championed from the very top. By someone who understands the importance of modeling winning behaviors. Someone who gets that it's not about communicating more stuff through more channels, but identifying what employees actually need to deliver better outcomes and a more satisfying customer experience.

Maybe it's time to stop thinking about the person atop your company as merely the Chief Executive Officer. How about Chief Employee Officer?

CHRISTOPHER HANNEGAN, a Partner, leads Brunswick's global Employee Engagement offer. He helped open Brunswick's newest office, in Chicago. **NICK HOWARD,** a Partner, leads Brunswick's Employee Engagement offer in Europe, and is based in the firm's London office. **GIOVANNA FALBO,** a Partner, specializes in labor relations and Employee Engagement. She is based in New York.

Technology is improving; productivity isn't

WHY?

In an excerpt from a recent speech, Boston Consulting Group's **YVES MORIEUX** says that corporate "complicatedness" has destroyed both employee satisfaction and productivity

BECAUSE I AM AN ECONOMIST, I HAVE been studying the evolution of labor productivity over the years. And I was very surprised to realize that despite all the major innovations in every business, in every industry, there is a constant decline in productivity improvement. We should expect productivity to grow much faster than in the past because of all these innovations – but what happens is the opposite.

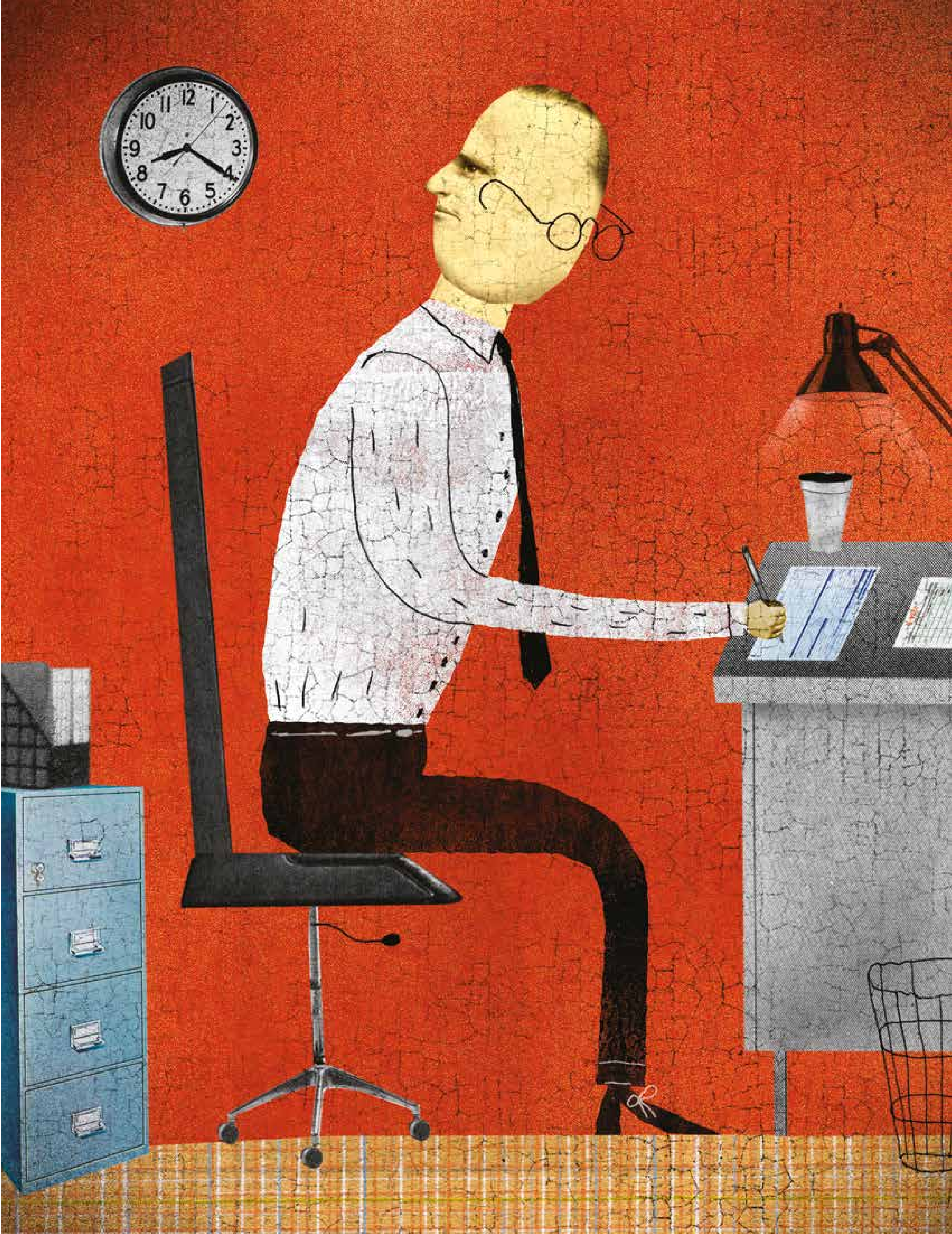
There must be a hole where the productivity potential embedded in all these innovations is disappearing. I have been leading the Boston Consulting Group (BCG) Institute for Organization, based in Washington, DC. So I asked a team there to find the hole, make a root-cause analysis.

This is important. Our standards of living depend on our productivity improvement. When productivity grows 3 percent per annum, you double the standards of living every generation. When productivity grows one percent per annum, it takes three generations to double the standards of living, and many people will be less well off than their parents. They will have less access to education, to healthcare, to everything.

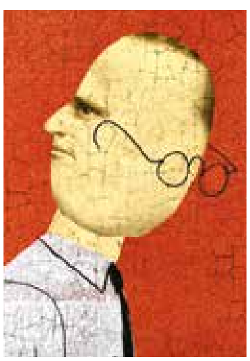
There's something else that companies need to produce, something as important as productivity. When you go home, your wife, your husband, your children, what do they ask you? "Mom, have you been productive today?" No. They ask, "Did you have a good day?"

Companies need to produce something called, "Satisfaction at work." If we don't accept that, we are lying to ourselves. We spend 50 percent of our

ILLUSTRATION: DAVID PLUNKERT



"We do celebrations, awards, the Employee of the Year. We send leaders to training to develop their leadership styles, to better motivate their teams. What's the result? Counter-productive"



life at work or thinking about work. Is it misery or something we enjoy?

This is the other trend we have been studying at my Institute: the evolution of the way people feel at work. And here again there is a crisis. In Europe, depending on the countries and industries involved, less than one fourth of the workers are engaged.

Do you know how polling institutes define engagement? If I am unengaged, I do the minimum I have to do not to be fired. When I am engaged, I do more – this is "walking the extra mile."

In the US, the Conference Board has noticed a downward trend in satisfaction at work since 1987.

This is surprising because we have never taken care of the human factor as much as today. We do celebrations, awards, the Employee of the Year. We send leaders to training to develop their leadership styles, to better motivate their teams. What's the result? Counterproductive.

So while one team was studying productivity, I asked another team to make a root-cause analysis of what is happening in the workplace. Most interesting is that the deeper these two teams got into their root-cause analysis, the more they converged to a common root cause. To summarize this root cause, I would say that to really improve productivity, to protect our standards of living, you will need to combine two kinds of innovation.

One has to do with information and communication technologies. IT people have produced many innovations. But this has not been combined with innovating in the way we work, in the way we manage work.

The way we have tried to organize work, perform work, manage work, is to create new functions and processes to respond to new performance requirements. As performance requirements become more complex and numerous – low cost, high quality, innovative products, delivered fast – companies keep the same approach and they end up with a multiplication of structures, processes, committees, reporting lines. We have tried to deal with the new complexity of business by becoming more complicated.

We have added internal complicatedness. Based on BCG analysis, managers spend 40 percent of their time writing reports because they have to report on more and more metrics and KPIs. They spend 30 percent of their time in meetings because they have to coordinate with more and more functions. So how much is left to be with their teams? At most 30 percent.

Therefore the teams are poorly managed. They don't work on the right priorities, the right problems, the right targets. They don't receive the right guidance, guidelines, coaching, recognition. Based on our analyses, these teams have to do, undo and redo. They spend between 60 and 80 percent of their time wasting their time, but working harder and harder, longer and longer, on less value-adding activities. They lose direction. They disengage. They are miserable.

This is what is killing productivity and engagement. There is more and more work on work and less and less work.

What will make a difference is what I call "the nervous system," the way the parts work together. Collaboration will be increasingly important in your business.

To see the power of collaboration in action, take a look at a relay race, the world championship final in the women's 4x100 in 2003.

There are eight teams, with the usual suspects like Jamaica and the US. The fastest team is the US team. An average team among the finalists is France. Based on their best individual performances in 2003, the US runners should arrive 6.4 meters ahead of the French team.

Yet the French team won. They won because of the miracle of cooperation, in this case the passing of the baton. The French runners carrying the baton were slower on average but their baton pass was faster.

Because cooperation multiplies energy. It multiplies intelligence at work. This is why it is so important to deal with a more complex business world. We need to create ways of working that better leverage human intelligence. Cooperation is the key.

And when we don't cooperate as much as we should, we arrive just too late. When we don't cooperate, we need more of everything, more teams, more time, more delays, more resources, more systems, more equipment. Cooperation can mean tensions, confrontation, friction, even conflict because we don't spontaneously agree – which is normal. If we only rely on good interpersonal feelings, we will not cooperate. We will avoid the tough trade-offs that would strain the relationship. We will not achieve synergies.

So what does it take to foster cooperation so that you can use all these resources to really add value as opposed to compensate for lack of cooperation? The fourth French runner, Christine Arron, told me, "Something that really made a difference to me was the third runner, the way she passed me the baton."

And she showed me the race in slow motion. And the third French runner is passing the baton at the right time, at the right speed, at the right height, to the correct hand. And before she was doing all of that, the third runner shouted loud so that the fourth runner could clearly hear her coming and could effectively anticipate.

Not everything can be measured. When I pass the baton in the right hand, right speed, right time, when I shout to the next runner so that she can hear me coming and she can better anticipate, this performance cannot be measured. And if you reward me on my measurable performance I will put my energy into what can get measured: my individual speed, my legs – not into my arms or my throat – and the baton will fall or slow down.

So let's be careful with KPIs, with metrics. There are things we need to measure but we must not rely solely on them to evaluate performance. We need to reward people for their measurable performance and also for how they cooperate with others.

This can only be observed. This is why management is increasingly important. Where there is no measurement, we need judgment. Judgment based on what? Observation.

This is why the rules I have created to improve leadership, cooperation, engagement, and to deal with more complexity without getting more complicated, start by understanding what people do. Understand that moment of truth, when they pass the baton to each other.

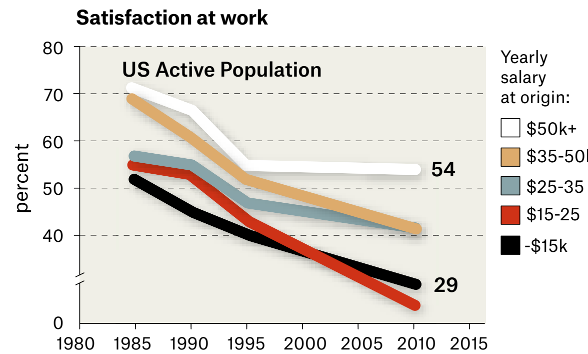
Let's talk about integrators. The integrator in a hotel is the receptionist because the receptionist deals with customers, back office, housekeeping, room service, maintenance. In the past, hotel receptionists had no power. Back office functions would not collaborate. When housekeeping saw there was a problem when they were cleaning the room, the bulb is not working, there is water dripping in the bathroom, they would not call maintenance. Because this would have been at the expense of their productivity. So who would discover the problem then? Customers at night.

And whom do they call? Not maintenance. Look for the maintenance phone number in the hotel directory: it's not there. So they call the receptionist and the poor receptionist would come to kick the heater to make it work or perhaps suggest to the customer, "Let me take you to another room." So these receptionists were keeping rooms empty on purpose to serve unhappy customers. Or they were giving rebates. All this was at the expense of

TWO RELATED TRENDS

Research by BCG Institute of Organization found that falling productivity and engagement shared a common cause: "the trap of traditional strategic alignment." Outdated, complicated approaches lower both motivation and performance.

1 WORK CRISIS

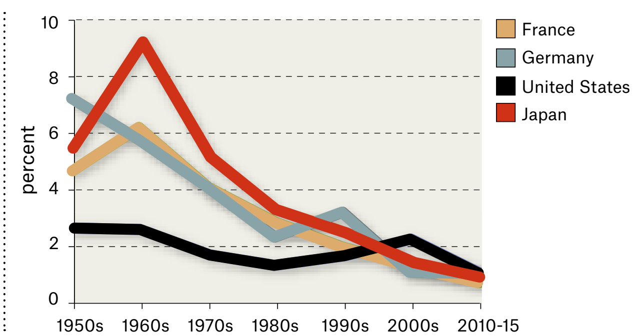


Across the board, US workers are less satisfied than they were a generation ago. Salary has some bearing on satisfaction, but seemingly only to slow the rate of decline.

Source: BCG Institute for Organization analysis

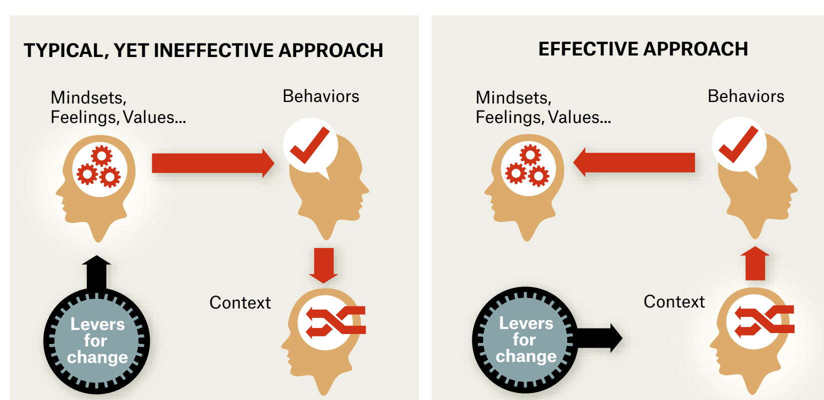
2 PRODUCTIVITY CRISIS

It seems like a paradox: while the world has seen transformational technological advancement over the last half-century, overall productivity in its major economies has plummeted.



Source: BCG Institute for Organization analysis

WHAT DOES IT TAKE TO CHANGE?



To change what people do, change their mindsets, feelings and values.

Desired behaviors spontaneously emerge when you adequately change their context. Then mindsets, values and cultures will adjust.

Source: Y. Morieux (2011), "Resistance to Change or Error in Change Strategy?"

CHARTS: PETER HOEY

"At home, when I don't cooperate with my wife, we need two TVs. When we cooperate we need only one. Where are second TVs creeping into your company?"

occupancy rate and average price point.

Then a travel and tourism leader decided to reinforce receptionists as integrators, giving them the power and interest to make all these functions cooperate in the interest of the guests. By doing that, this company increased its gross margin by 20 percent in 18 months. They almost tripled their share price in 18 months.

As you grow, who will be your integrators? At BCG, the integrators are the project leaders. They deal with our clients. They deal with our teams, with our partners, with our expertise centers. And these people have power and interest to make important trade-offs between innovativeness of approaches, practicality of approaches, productivity of the teams, growing the teams, developing the teams.

At home, when I don't cooperate with my wife, we need two TVs. When we cooperate we need only one. Where are second TVs creeping into your company?

Let's talk about a railway. European. Highly unionized. State owned. Civil servants. Bureaucrats.

They have to become more customer-centric, improve the quality of their services because of cross-border competition and also competition from low cost airlines, from Uber. Twenty percent of their trains were late. Customers were not happy. Employees were less proud of themselves.

Whenever a train was late, the railway would go through a scientific investigation to know who is guilty for the delay. In which station did the delay start? Which of the key units is the root cause? Was it maintenance? Who was the maintenance manager on duty at that time?

And then the senior leaders call the poor manager and the nightmare starts for that guy. "You have delayed a train. Forget your promotion." They would spend hours in these scientific investigations because nobody would say, "It's me who delayed the train." People would hide. "It's not me. I wasn't there."

I can tell you that 100 percent of what people do is driven by the context in which they work. If people do what they do, it is because in their context, it achieves their goals; otherwise people would do something else.

At the railway, we discovered that the real goal of these people was to never be found guilty of a delay. Because if they are found guilty of a delay, they are in a nightmare when a senior leader directly calls them.

Still, there are many unexpected events that can happen in a station and during the ride. To aim for perfect punctuality of each unit is unrealistic. So what is the solution? Is it more sophisticated scheduling systems, more employees in each unit, more time, more trains, (i.e. more resources)?

How about more cooperation? Indeed, with cooperation it would be possible to make sure that a delay in some operations would not translate into late arrivals for trains.

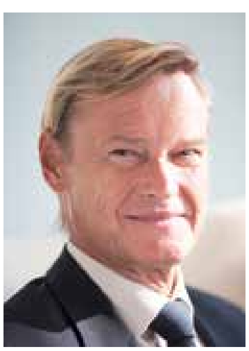
For instance, if a train in maintenance is delayed five minutes, maintenance could tell the station. Then the station people could position passengers or make the train arrive in a faster track. Eventually the boarding of passengers in the station would not take as long and the initial 5-minute delay would be eliminated. Of course, this kind of cooperation was not typically happening because each unit was focusing on its own operations to avoid being found guilty of a delay.

When the senior leaders of the company saw the analysis, they realized that the root cause of delays was the rule that focused on determining who to blame for them. After all, people usually don't decide to be the root cause for a delay. But when units don't cooperate to help others, they have decided not to cooperate.

So the senior leaders came up with a new rule: when one unit delays the other units, these will take the blame, as long as the root cause unit was transparent and told the others about its own delay. If after some time the same people are still creating the same root cause problems because they have not done their continuous improvement homework, then they will take the blame. The overall criterion was shifted from a technical one – one must not be the origin of a delay – to an organizational principle: one must cooperate.

A few months later, the punctuality jumped from 80 to 95 percent in all the lines that implemented this approach – without more trains, more time, more people, more systems. The context now rewards cooperation.

If you think about it, these people had been using their intelligence, their adaptability, their skills, their common sense, their energy to work independently from others. Now they are using the same individual intelligence to cooperate, to work as a team. You can see the difference it makes.



YVES MORIEUX

Yves Morieux is Senior Partner and Managing Director in the Washington office of The Boston Consulting Group (BCG), and director of the BCG Institute for Organization. He has been with the company for more than 20 years. Morieux's TED talks have more than 5 million views.

KEVIN HELLIKER, Editor-in-Chief of *Brunswick Review*, edited this article from a speech Morieux delivered at a 2017 Brunswick gathering.

SPACE for life

WeWork co-founder and Chief Culture Officer, MIGUEL McKELVEY, explains the company's "hyper-personalized" approach to engaging employees

In 2008, Miguel McKelvey and Adam Neumann co-founded Green Desk, a company that retrofitted and parceled out empty office space to small-scale entrepreneurs and freelancers. Their first location, in Brooklyn, filled quickly and they saw the demand for what they were offering – not just space, but also services that members would no longer have to pay for on their own, along with a network of fellow members. They wanted to go bigger, so they sold Green Desk and used those funds to open WeWork, a company with a similar business model but greater emphasis on scale, community, and both the power and appeal of collaboration.

Their vision has resonated far beyond Brooklyn. By the end of 2017, WeWork will have more than 200 buildings in over 50 cities, across five continents, and it's aiming for a million members by 2020. Its members increasingly include not just startups but also mid-sized enterprises and major global corporations such as IBM, Amazon and Ford.

WeWork is also advising companies on office redesigns and collecting troves of user-based data that give a fascinating picture of how people work in this day and age – how much space and how many desks they need, what technology they use, how they interact with each other, and more.

Over the past year, the company secured a $4.4 billion investment from SoftBank Group and the SoftBank Vision Fund, of which $1.4 billion will fund WeWork's expansion in China, Japan, Southeast Asia and Korea.

McKelvey, a trained architect who had been overseeing all of WeWork's design and building efforts, recently assumed the title of Chief Culture Officer. He's now working to determine how the company can best support its own people, so they can "create their life's work."

That means building engagement into everything WeWork does. It means making people feel like part of the culture from day one. It means letting people know his door is open if they want to talk about the workplace, their salary, or their hopes for personal and professional development. And it means finding new ways to offer rewards and incentives that are both linked to the larger WeWork ethos but also individualized –"hyper-personalized," in McKelvey's words – to demonstrate that the company recognizes

PHOTOGRAPHS: COURTESY OF WeWORK

employees' contributions and their willingness to go along for the ride. Below, McKelvey talks to Brunswick about WeWork's "hyper-personalized" approach and the culture that underpins it.

The WeWork Way

As we've expanded, we've seen that our culture isn't an outcome of our success; it's fueled it, at every stage. Maintaining our culture, living our values, being authentic about it all – that really matters to us. We have to be consistent in what we say and ambitious about how we pursue it. And we have to build that into our relationships and our engagement with our own people, too, whether they have been with us for a long time or just started last week.

We start by connecting people through the design of the workplace, the space we share, because the space is essential to people's everyday experience. It's an expression and a facilitator of the overall culture. It helps us create a positive energy, an atmosphere that encourages people to feel part of a community, something larger than themselves. That helps them feel like they're being supported in their effort to create their life's work, and feel like they are progressing on that journey every day.

It's in the design of our stools and chairs, the lighting, the width of the hallways, the conference rooms, even the coffee we serve – everything you see, and some things you don't see, when you walk into the office. This goes for our members, too, and it's an ongoing process because we want to understand how people are using the space – are there small groups of people who want a quieter work space, for example? – and how we should respond to that.

In terms of how we reward people: we look at salaries and titles and those elements of the work experience. But we're going beyond that, asking how we can find ways that are meaningful to them, as individuals, to show we appreciate what they're doing and the contributions they're making. What gesture from us or a manager or a colleague will make their day better, open up new possibilities, or remove an obstacle that's preventing them from doing their best, most fulfilling, most productive work?

We want a hyper-personalized process, based on personal relationships with our team members. Can we help someone get their MBA, if that helps them, and in turn helps us? If they move out of the city but then need a car, can we help with that? Maybe they're music fans, and really want to go to Coachella or some concert; we can get them tickets to show that we see the great work they've been doing. Or maybe they had a child recently and an Amazon gift card could help cover costs for diapers or blankets or whatever else they might need.

These are all things we've done. We've also sent groups on trips to places like Australia and Mexico, trips that don't count against vacation days and give them the opportunity to get to know another place, another culture, to break down silos between people from different departments and give them a chance to see things that might refresh and inspire them, that they might bring back here.

We're also expanding our wellness programs, because being healthy and feeling energized is a huge part of being productive. As we build out our HQ, we're improving the facilities so people can have access to fitness classes, yoga and other programs. We're tracking how people use them as well. That helps us make improvements and it helps us see how we can best package these services into a product we can offer members, for themselves and their employees. That's one of the cool things about our growth: as we become bigger and we work through our own increasingly complex challenges, we become more qualified to create solutions for other companies with similar challenges.

A WeWork building in the Jing'an district, Shanghai's central business area. According to the company, the building used to be a "historic London-style mansion" that housed artists and galleries. Rumors are the building was also once an opium factory, and a warehouse for the infamous East India Company. Today, renting a private, one-seat office costs 3,790 yuan ($570) per month. In addition to the building's amenities, complimentary coffee, tea and beer on tap are included.

Measuring the outcomes of all this, the engagement it leads to, is a challenge. We're working on that. But if we can grow this personalized rewards approach, that should point us in the right direction.

We get input from our people from the outset. At our summer camps – our version of the corporate retreat, which we had in August – we ask, what would you want as a "small thank you," a "meaningful gesture," or "high impact gratitude"? We received a range of answers: a small thank you would be a "free Friday" out of the office; a high-impact gratitude might be a trip to the flagship TED Conference. People also told us what personal experiences they'd like to have. When we awarded bonuses, we offered people the option: cash, or pay for that personal experience. Ninety-eight percent chose the personal experience. We're still developing more systematic applications of this hyper-personalized idea.

The trick is keeping it personal as we continue to grow. We've got more than 3,000 people now, across the world, and that number is going up. We're in China, Japan, India, and southeast Asia, in cities across Latin America, Europe and America.

We have an India team, for example, that I spent time with at our summer camp. They're passionate, just awesome, and they feel aligned with the mission and excited to get on with things. I need them to know it's not going to be another year, at the next summer camp, before we spend time together again. But I also don't know when I'll get to India again, or when I'll get to our other offices. So I'm thinking about how to replicate that personal engagement with all our people, globally, whether it's communicating digitally and trying to give it some of the same feel, or continuing to build out our team and finding regional culture representatives who can do the same kind of thing, and who can help us determine if there are differences in the various locations that could or should impact how we design rewards and recognition for our people there.

Best case, we would have done this before, built a process and had it in place before we opened these other locations. Then we would be scaling them. But we didn't. And I know we still work a lot by intuition and we need to be more systematic. We have data scientists on our people team now. It's not like we're going to say, "Oh well, we missed the boat, it's too big, let's not bother." We're not going to stop growing, and we know how important this is for employee engagement, for our culture and our company's future. So we are going to pursue it with the same rigor that we use to build out our locations. We're at the forefront of innovation when it comes to designing and shaping hundreds of thousands of square feet around the world – we're going to apply that same approach in our systems, operating methodology, and in our ambition for our people.

We've always had extraordinary ambition, and been willing to ask more of ourselves than a rational person might think is possible. It applies to how we approach our people, too. So even though there are challenges to doing this the way we are doing it, we'll keep pursuing our ambitions, coming in every day and doing the best we can to make it happen.

Part of my job now is making sure we're doing everything we can to build and maintain that, to encourage, support and inspire our people. While our people team is going out and finding people who fit this place, my job with the culture team is to make sure the place fits them, too, and supports them, so they stay motivated and engaged, so they do their best work, so we all grow together. Because it's our people who have gotten us this far. And it's going to be our people, if we do right by them, who get us where we want to be.

McKelvey spoke with **SARAH LUBMAN**, a Partner who specializes in telecom, media and technology, and **PHIL ZABRISKIE,** a Director in the US Business & Society team. Both are based in New York.

"While our people team is going out and finding people who fit this place, my job with the culture team is to make sure the place fits them, too"

MIGUEL McKELVEY

WeWork co-founder Miguel McKelvey previously oversaw all architecture, design and construction activities for the company, and now serves as Chief Culture Officer. Prior to WeWork, McKelvey founded one business, Generation Design Studio, and co-founded two others, Seven Planet, a chain of green general stores, and Green Desk.

THE CLOUD NINE CULTURE

Southwest Airlines' Managing Director of Culture, **CHERYL HUGHEY,** speaks with Brunswick's **ASH SPIEGELBERG** about the elevation of workplace culture

That a publication devoted to employee engagement would include Southwest Airlines will come as no surprise. Southwest founder Herb Kelleher all but invented the discipline.

But the airline's well-established reputation for engaged workers is exactly what worries Cheryl Hughey, Managing Director of Culture at Southwest. The creation of a highly motivated workforce, after all, is a process without end. "When you think you're there, you're in the danger zone," says Hughey, a 37-year veteran of Southwest. "It's nonstop. It takes work. It takes resources. It takes commitment by your senior leaders."

The number of moving parts in a Boeing 737 is nothing compared with the human requirements of running a major airline, a feat that no carrier in the world accomplishes with more consistency and success than Southwest. It has posted 44 consecutive years of profitability, a record unmatched in the US airline industry. Southwest established the American industry's first profit-sharing plan in 1973, and has long been a fixture in the top ranks of lists of the best places to work.

Hughey says there is no checklist of amenities or privileges that creates an engaged workforce. Like being a good friend or family member, being a thoughtful and inspiring employer requires constant attention and adjustments. As society and technology change, so do the needs of employees.

Each year, Southwest holds rallies at four different locations around the country. Thousands of employees travel on their own dime to these rallies to hobnob with executives and listen to inspirational speeches. In addition, the airline also holds employee events called Spirit Parties, Culture Summits and Blitzes.

The creator of this vibrant culture, Chairman Emeritus Kelleher, understood from the outset that employees "luv" (the Southwest spelling; it is also the company's NYSE stock symbol) being part of a team that treats every member as important. He also engendered the playful spirit of the airline, whose flight attendants often amuse passengers with jokes and serenade them with songs.

Current CEO Gary Kelly has sustained and even expanded that tradition. At Southwest rallies, Kelly, CEO since 2004, shoots T-shirts into the crowd from a bazooka-like contraption.

One reward for that emphasis on culture is a strong loyalty: the average tenure of a Southwest employee is 11.5 years and, with 55,000 employees, turnover hovers around 2.5 percent. Employee satisfaction, in turn, translates into exemplary customer service and superior shareholder returns that consistently outperform competitors and indices – between September 2013 and 2017, Southwest's share price grew nearly 400 percent.

What's the secret behind Southwest's distinct culture and engaged workforce?

There are three elements that matter the most. First you have to be really clear about your vision and your values. That is something you've got to stay focused on and be true to.

Second is making sure you get the right senior leaders in place. We were blessed with our founders Herb Kelleher and Colleen Barrett. And equally blessed with Gary Kelly. They live and breathe our culture. And then bringing in the right complement of other people throughout the organization.

The third item is empowerment. It's ensuring that your employees' voices are heard. That they're involved and that they feel included.

Are there examples of how you approach culture differently and retain staff?

One example is we don't have a Human Resources Department. We've always referred to that as the People Department. Southwest is about the people who work here and the people we serve. We just happen to fly airplanes.

Being a caring airline comes down to having that servant's heart, putting others first. But also, we're known for our fun-loving attitude. A lot of organizations shy away from that. Because it seems too ... fluffy. Or maybe just unimportant. But we realize having fun and working hard are equally important.

ILLUSTRATION: FRANCESCO BONGIORNI

85

PERCENT OF EMPLOYEES SAY THEY ARE PROUD TO WORK FOR SOUTHWEST AIRLINES

What do you say to other companies looking for advice on culture?
We've always had a lot of companies reach out to us because of our legendary culture. But just this last year, there's even more of an appetite for it. They're typically seeking some real practical things that we do. And we really do give it away, because knowing it is one thing – the question is, are they really willing to do what it takes?

Southwest receives more job applications than most companies could dream of. How do you make hiring decisions?
We get thousands and we only hire less than 2 percent of all applicants. And yet, just over the last two years, we have hired almost 14,000 people. Our turnover is about 2.5 percent. That is remarkable for any organization, not just airlines.

During the application process certain qualifications have to be met. But when you get to that phone interview and then that face-to-face interview, our questions are centered around those values. And how they gave back in their previous roles and in their day-to-day life. Then there's that fun-loving part, not taking yourself too seriously. That's a requirement in all jobs here.

What about those who join?
When you're here, it's holding each other accountable. It's like, "Gosh, the way you treated that customer didn't feel right."

Everyone is so proud to be a part of Southwest Airlines. In our employee engagement surveys, over 85 percent say they're proud to work for Southwest. When you go out in a Southwest-branded shirt to a restaurant, grocery store, or to the dentist, I'd say 99 percent of the time you're going to get a very positive comment, a reaction, or story from a customer or a potential customer.

How do you retain talent in this day and age? It's proving a big challenge for a lot of companies.
First, we have a very strong focus on that first year, on getting them acclimated and getting them to feel valued. We have a lot of onboarding processes no matter what role you're in.

After that, we have a lot of different groups and functions to purely look at employee engagement. We have a company-wide culture committee.

In terms of retention, the phrase "You are free to move about the country" doesn't just apply to our customers. You're encouraged to think of moving to another team, office or city. You may start in one position and decide you want to be a flight attendant for a couple years. That's seen as a contribution to Southwest because you're taking your knowledge elsewhere in the organization.

What are some other distinctive employee programs at Southwest?
We have programs to ensure that if you have something going on in your life, we acknowledge it. For example, one of my employees recently had a little boy. It's his third little boy. So I go in and I fill out the form – he gives me permission to do that – to let our executive office know that we have another little boy on the way. We'll send out some acknowledgement – it could be a card, or a gift. Whether it's crisis or celebration, we want people to be able to share what's going on in their lives.

A sadder example was when I was attending a new-hire roundtable. One new employee had lost someone in her family and the company sent flowers to her home. She had a picture of them on her phone. She was just amazed to receive that, given how little time she'd been at Southwest.

Employees carry cards that have the company's values printed on the back of them. When you employ 55,000 people, how do you get people to live and work the company values?
Living our values is the key to our success. It's introduced in all levels of leadership. We're constantly reinforcing those values over and over again across everything we do, up and down.

All of our awards are focused around our values. One example is the kicktail, where you're awarded a "Kicking Tail" coupon because a fellow employee commended you for exhibiting one of our values, for example a servant's heart.

Do you have a metric for how much time your CEO, Gary Kelly, or any other senior leaders should spend on employee engagement?
It's a high percentage. It's at least double digit. Gary could never be in that television show "Undercover Boss," because most employees at Southwest know who he is and what he looks like.

Can you give examples of how Southwest tries to engage employees, and how their feedback and ideas are received?
A key component of having an inclusive and productive culture is employee involvement.

I'll give you an example with our workers' uniform committee. Along with the refresh of our brand was a need to refresh those uniforms. Employees get very passionate about what they're wearing and what it looks like – how it fits and what it represents. So we formed a workers' uniform committee of entirely front-line, customer-facing employees to help with the design and roll-out. The end result is that the uniforms look beautiful and everyone loves them.

However, we don't always get it right. For instance, when we came to change our anniversary pin, we wanted to incorporate a newer look. We give the pin, along with our traditional heart pin, to people after a certain number of years of tenure [shown at bottom right]. When we looked at the redesign, we didn't involve enough of the front-line employees nor did we provide a clear explanation for the change.

So we launched this pin and it was received very negatively. In fact, I think we set some records on the internal blog. The issue got elevated all the way up to Gary. We underestimated how passionately they felt about the pin and what it stood for.

It turned out they wanted to ensure that it screamed Southwest Airlines. And we had gone to a different design that focused more on the year of service than the actual look of the pin. So we stopped and decided we would engage employees to a much deeper level than what we had.

We actually designed four pins based on design ideas that employees could submit. Employees were able to go online and give us their ideas. It turned out that they wanted the full heart, not just a part of the heart. All of these things were taken into consideration.

We rolled out the four designs based on all of their thoughts. And then they voted. And we were willing to accept whatever vote there was. And, boy, there was some campaigning going on out there in the social media world. Everybody agreed on the final design once the selection was made based on the employees' vote. And it was so well received.

This may seem small but as we saw from the feedback, it meant a lot to people. Importantly, this is a good example of making sure you listen and then respond appropriately. It goes a long way and makes all the difference.

ASH SPIEGELBERG, a Partner, advises clients on corporate, financial and M&A communications. He is based in Brunswick's office in Dallas, where Southwest's headquarters are located.

PHOTOGRAPHS: COURTESY OF SOUTHWEST AIRLINES

CHERYL HUGHEY

Cheryl Hughey is Managing Director of Culture at Southwest Airlines, a position she has held since 2016. Hughey has been with the company since 1980, joining as a Reservation Sales Agent. She has held a number of operational and leadership roles throughout her career at Southwest.

A service-anniversary pin that Southwest gives to employees. This is flanked by plastic cards with the company's purpose, mission, vision and values that employees can wear on lanyards, along with their security badges.

OWNING Engagement

MARY JOSEPHS, Founder and CEO of Verit Advisors, says the power of employee-owned companies can serve investors of all stripes

IF YOU'VE EVER BEEN IN A PUBLIX SUPER MARKETS store and wondered why the service is fantastic, it's because most of the nearly 200,000 employees are owners. Curious about how W.L. Gore grew into a global manufacturer? Or how Parsons, through the economy's ups and downs, retains top engineering talent to oversee clients' multi-year mega-projects? Employee ownership.

Two separate and sweeping surveys of research in recent years have found employee-owned companies more profitable than like-situated competitors – more resilient in downturns and more successful in growing. Yet despite such evidence, the popular view of employee ownership in the investor community is largely negative.

Let's understand how we got here: beginning in the 1980s, companies sought to align management with shareholders by granting meaningful ownership to executives. Mostly this worked. In the language of the moment, executives became "engaged."

From the 1990s, companies aggressively eliminated lower-and-middle management positions to increase efficiency. But as costs fell and work sped up, it also became more standardized and less interesting. Workers felt isolated. Manager-worker contact was reduced. Employees today are far less supervised. Sure, as a top executive you may see performance data on your workers, but your managers and workers probably aren't talking to each other.

Since the 2009 financial crisis, virtually every CEO and business owner I visit complains about the difficulty attracting and keeping skilled workers – from truck drivers to senior management.

What's missing is that sense of ownership that aligned executives with shareholders. Imagine workers self-policing to reduce waste and eliminate poor work habits; becoming ardently customer-focused – not to meet a sales quota but because that's what is good for the business.

The US has 7,000 Employee Stock Ownership Plan businesses, or ESOPs. They have collectively shown that employee ownership makes companies stronger. Investors think they know about ESOPs, but much of what they take for granted is wrong.

MARY JOSEPHS

The Founder and CEO of Chicago-based Verit Advisors, Mary Josephs previously led the ESOP Solutions Group for Bank of America-Merrill Lynch. She founded and built the ESOP group at Chicago's LaSalle National Bank into the US's leading middle-market ESOP advisory team and co-founded a leading ESOP Advisory practice for ABN AMRO LaSalle Corporate Finance.

FOUR big myths abound.

1 The inmates run the asylum ESOPs operate under traditional governance structures, with a board often made up of independent directors, and executives who hold decision-making authority.

2 ESOPs can't make acquisitions Many buy other businesses and many are sold. The structure is flexible. Tax advantages provide superior earnings retention to help finance deals and grow value.

3 Investors have no role ESOPs are compatible with various co-ownership structures. Some private equity firms successfully invest as partners with ESOPs. Many founder-owners sell stakes to an ESOP while staying on to run the company.

4 ESOPs can't attract the most talented executives Synthetic equity – a stake in the company's future without an upfront cost – can be added to the compensation package to allow mature employee-owned companies to compete for talent.

When it comes to taxes, ESOPs offer a clear opportunity. When a C-Corporation, which is taxed separately from its owners, sells stock to an ESOP, the seller can defer federal capital gains taxes on the sale, potentially forever – that's $200 million on a $1 billion sale.

An S-Corporation, where owners are taxed, can be structured as an ESOP and pay no federal income taxes until the employee owners cash in their stock. Such a company might otherwise have a 35 percent tax rate.

I've spent 30 years helping companies convert to employee ownership. The tax provisions enable the transactions. But turning employees into owners is what makes the companies successful.

Central States Manufacturing in Lowell, Arkansas, bends metal to make low-rise commercial buildings. Because its employee-owners are compulsive about quality and service, that dreary-sounding model became a higher-margin company with loyal customers. Along the way, some ground-level workers have become millionaires. WinCo Foods in Boise, Idaho, enjoys stronger worker continuity than other discount grocers thanks to three decades of employee ownership. In return, employees have a path to retirement rarely seen at their income levels.

You want engaged workers? Make them your partners. Then go prosper together. That's simple capitalism – played as a team sport.

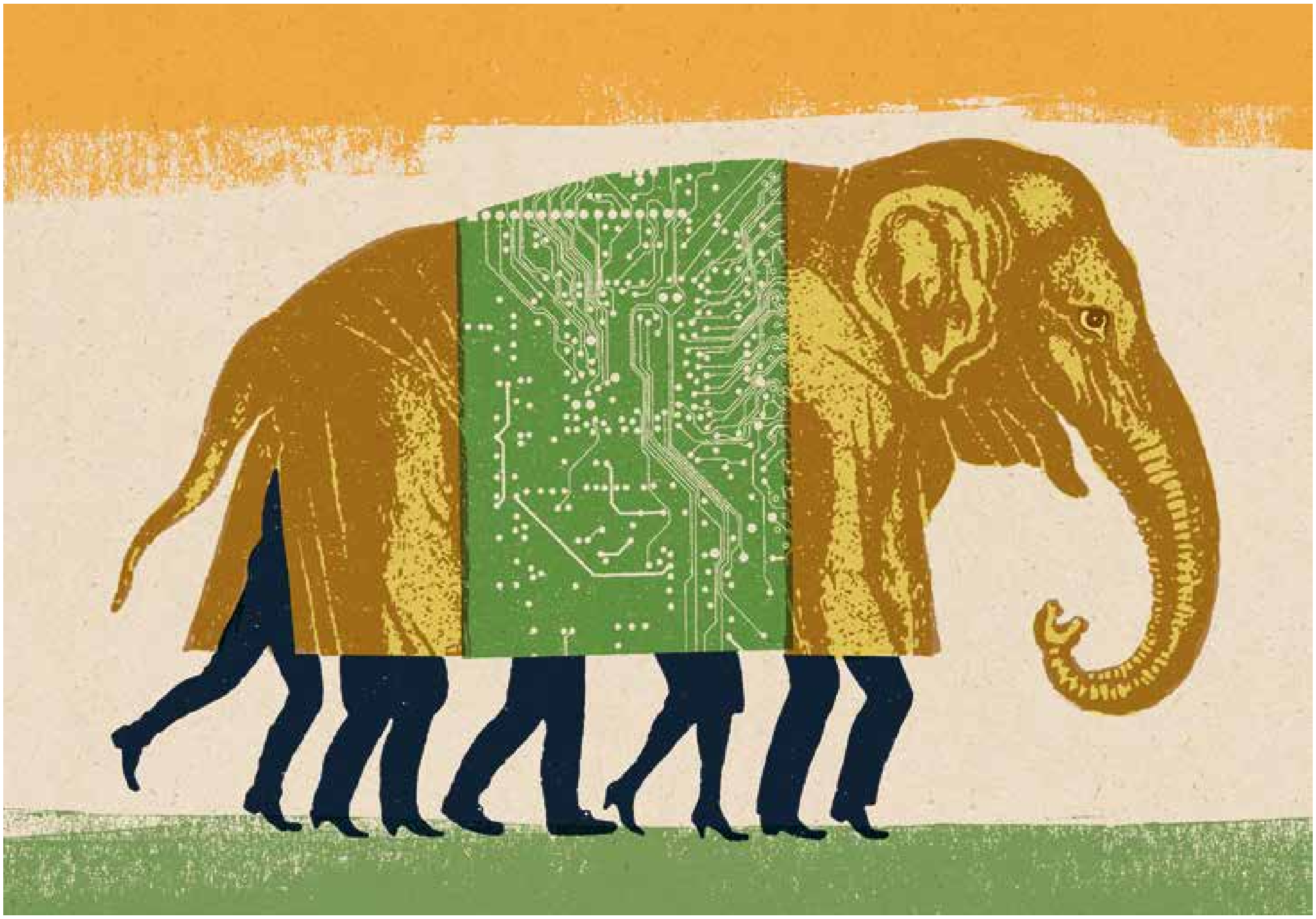


ILLUSTRATION: PEP MONTSERRAT

INSIDE India's workplaces

It's a seller's market for talent, says Brunswick's **AZHAR KHAN,** and companies are going to great lengths to win the bidding war

ONE MILLION YOUNG INDIANS ENTER THE job market each month, yet around 60 percent of Indian employers struggle to fill vacancies, according to surveys. India's widely advertised demographic dividend remains, for now, a misleading metric.

Two-thirds of all Indians are 35 or younger, and those of working age in that number are potentially at the most productive period of their lives – but many struggle to find meaningful work. India's most recent Economic Survey by the finance ministry attributes the disconnect to a mix of inappropriate learning in higher education and a lack of factory-floor skills training.

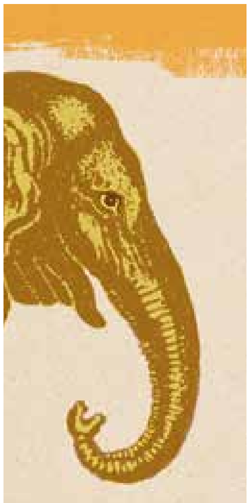
This makes the search, cultivation and retention of talent arguably the most important challenge for businesses in India, one made even more pressing by the country's eroding labor-cost advantages relative to rich economies, as well as other regional economies.

The internal role of human resources at businesses in India has never been more critical, nor the battle for top-tier talent more fierce.

Companies that have historically taken a compliance-led approach to engaging their workforce are now adopting a new brand of "office chic," no longer resisting the idea that employees – especially the youth – favor a portfolio view of employment rather than a lifelong commitment.

India's technology services companies have pioneered the movement to create a workplace environment that spurs camaraderie and creativity, autonomy and passion – and yet still places huge emphasis on career progression and culture.

Wipro and Infosys, two giants in tech services, have built self-contained micro cities for tens of thousands of employees, with libraries, food courts and numerous other amenities, calling to mind the sprawling tech campuses of Silicon Valley. In effect, these tech companies institutionalized workplace



Health insurance for in-laws of staff, "family days" for parents of employees – some CEOs even send letters to parents thanking them for their son's or daughter's contribution

cool, which largely meant building a strongly incentivized environment of continuous learning and development for driven young workers.

The IT titans have been joined by others in manufacturing and financial services as employers try to stand out in a seller's market for talent.

Godrej, one of India's oldest conglomerates, launched a "Culture Lab" in 2011 to encourage ideas and innovation among its young staff. An experimental incubator based out of the group's suburban Mumbai headquarters, the Lab explores "what it means to be modern and Indian" through talks, conferences and performances, and an online repository for content on topics such as gender and sexuality. Open to both employees and the public, Godrej says insights from the Lab have helped shaped several group efforts, including the group's diversity and inclusion initiatives.

But it has been India's legion of startups that have refined workplace culture to something more akin to "chaotic cool." These startups have been a lightning rod for young India, reflecting risk-taking, breathless, often reckless expansion. That, in fact, has been their big trick in attracting academically rich recruits from conservative employment backgrounds, such as banking, consulting and multinationals.

Though not offering much in terms of career progression – over three quarters of respondents to a recent poll of India's Millennials felt they will have left their employers by 2020 – the startups compensate with innovation, notably in encouraging and supporting activities with a social purpose.

At Flipkart, one of India's leading e-commerce businesses, employees can apply for grants of up to $4,600 to take part in challenges that help them fulfill personal passions. Bharat Financial Inclusion, a microfinancier, has a program that trains people who dropped out of school before 10th grade to become managers within five years of joining; many trainees have gone on to become regional heads.

But in a country of striking heterogeneity, a common thread is family. That, too, is reflected in workplace culture. Extended family often live under a single roof, and leading employers now offer a culture that embraces the family. Health insurance for in-laws of staff, "family days" for parents of employees – some CEOs even send letters to parents thanking them for their son's or daughter's contribution to the company and informing them of promotions. Such small gestures are crucial in binding a family to a firm, reassuring nervous parents that their investment in their child's education has been worthwhile.

Kevin Freitas, who has led HR strategy for large Indian companies in both the old and new economy, believes that while small gestures are crucial, the most important building block of workplace culture is "open information sharing across the organization." In a frenzied business environment, typified by India's startup community, sharing information is essential because "uncertainty about a company's direction can lead to stress and departures," Freitas says.

Technology is enabling such connectivity and corporate India is an enthusiastic adopter. Since its launch last October, Facebook is reported to have signed around 800 Indian companies to Workplace, its enterprise communication app, making India one of the top five in the world for the platform.

Technology is also transforming the way businesses find and recruit talent. Shortlist, a start-up that uses technology to help Indian firms source and screen talent, has called time on the résumé. Paul Breloff, Shortlist's CEO, argues the traditional résumé "lacks the reliable signals of whether the candidate is actually going to be a good fit for the job on aspects such as mindset, soft skills, and competencies like attention to detail."

Technology is also helping Indian companies filter the tens of thousands of applications they receive – often for a single position. According to a recent survey, India ranks favorably in its adoption of online assessments, video interviews and applicant tracking, with around 53 percent of recruitment professionals using these tools, compared with around 46 percent globally.

Nor has government been slow in responding to workplace culture. In Mumbai, more than 25,000 square feet of coveted office space was recently leased for daycare centers after an amendment in a maternity benefits law passed. The law required firms with 50 employees or more to provide childcare facilities either on the premises or close by.

While companies experiment with different benefits and programs, all share the same goal: convey respect, lift morale, and build trust. It is no secret these matter immensely to employees. But it works both ways: businesses benefit, measurably. An analysis of public companies by Great Place to Work India revealed that companies that were among the most trusted by their employees consistently outperformed major Indian stock indices – in 2017, they did so by a factor of four.

AZHAR KHAN is a Partner in Brunswick's Mumbai office. He advises on corporate reputation and communications.

UNDERGROUND workforce

South African Chamber of Mines President **MXOLISI MGOJO** tells Brunswick's **CAROL ROOS** and **TIMOTHY SCHULTZ** about the industry's dark legacy and its commitment to move forward

In 2012, a mineworkers' strike at the Lonmin platinum mine in Marikana, South Africa turned into a conflict between employees, unions, mine security and police – 44 people died in a week, 34 in a single confrontation.

The tragedy's roots lie in the complex legacy of the country's 150-year history of modern mining. Colonial and apartheid-era mines sourced cheap black migrant labor from across the subcontinent to benefit white-owned business. Today, the country is still dealing with this legacy. South Africa's large mines employ tens of thousands of people, across multiple shafts, speaking dozens of languages. Levels of education differ from semi-skilled laborers to tech savvy youngsters and relatively small teams of management professionals. Many workers spend their shifts deep underground, unreachable by phone or computer. In this context, engaging employees and rebuilding trust requires more than a new style of values-based leadership and innovative techniques – it means taking on 150 years of history.

Brunswick recently interviewed Mxolisi Mgojo, CEO of Exxaro Resources, a black-owned coal mining company in South Africa. He also serves as President of the South African Chamber of Mines.

Mining is a complex industry, with a number of employees in remote locations. How do you bring employees along with you?

It's incredibly complex. Our underground workers don't have an email address, let alone a computer. I have found that if you want to bring dramatic change into an organization, there's no better substitute than standing in front of your employees and telling them the story yourself.

But how practical is this? How do you manage it?

It's not easy. At Exxaro, our former CEO organized twice-yearly sessions where we created an open platform for communication at our various operations. We use a big space – an amphitheater or auditorium. But we have 24-hour operations, so we have to repeat the session to reach our employees working different shifts. While we have multiple languages spoken in our operations, we've realized that it's essential to convey information in people's mother tongue, so we also have a number of translators present at every session. I believe people value the opportunity to ask me questions directly. It's a completely open platform, and we answer every question that is asked.

But these CEO roadshows are only twice a year. How do you reach your workforce at other times?

Industrial theater is effective, especially if it's done with humor. People like theatrics and they like to

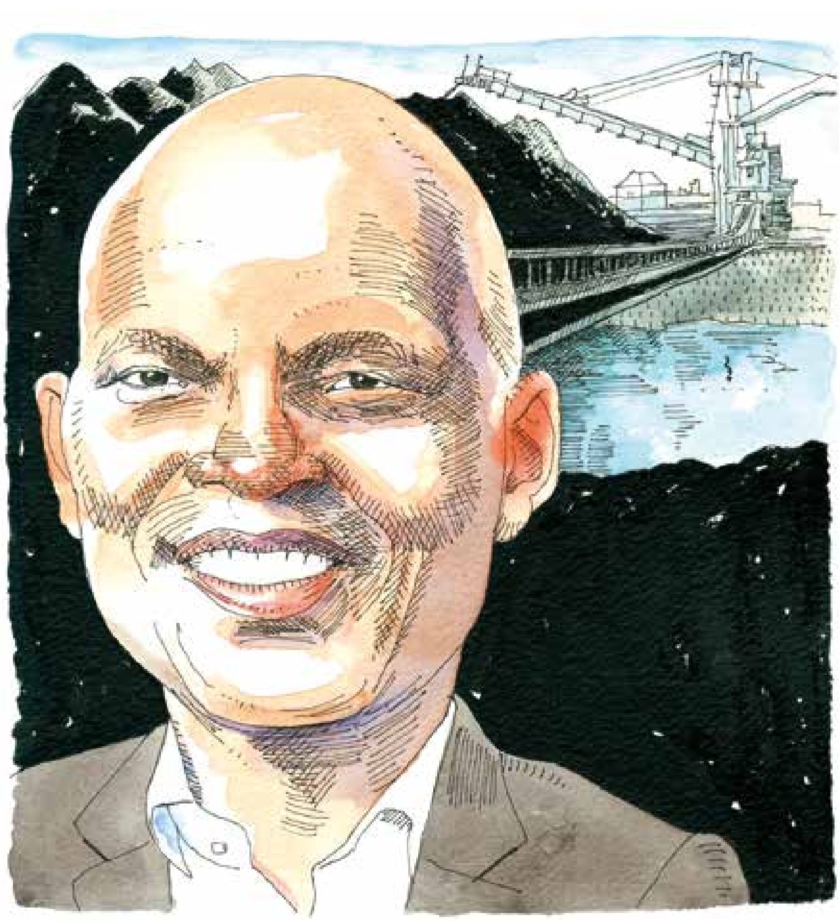


ILLUSTRATION: JOE CIARDIELLO

"If you want to bring dramatic change into an organization, there's no better substitute than standing in front of your employees and telling them the story yourself"

see a show. Theater allows us to convey important messages about values and safety. We are, of course, also looking at how best to harness technology to reach our people, but there are limitations. We are working on an exciting new platform which allows us to send creative video messages across smartphones, but a significant proportion of our workforce don't have smartphones. Ultimately, none of these techniques work in isolation. It's about comprehensive follow up. You want to show your people respect, that they matter and are valued and are hearing from you on a constant basis.

South African mining companies have been accused of relegating the role of employee communication to the unions. Is that accurate?
That was absolutely the case in the past, and we're working hard to change it. We have had to be emphatic to our unions that ultimately, workers are employees of the mining company, and that it's not the role of the union leadership to dictate with whom the company management can communicate.

It hasn't been without complexity, and in our attempts to change the system, unions have felt that the mining company was usurping their role. But unions, rightly, have their own agenda, and that is not always aligned to that of the company. It's up to us to communicate the company's message and engage directly with our employees.

Do you feel that your union engagement is developing trust with employees, or are discussions still focused firmly on wages?
We are still nowhere near where we should be. I believe that the trust deficit is worsened by deliberate power play on the part of the unions. That's why it's essential that I talk directly to the people myself.

Are the communications challenges aggravated by the historical role of mining in South Africa?
Our industry is still caught up in legacy issues. Employees weren't seen as valuable members of the organization, but rather as a form of cheap labor. We, as an industry, must acknowledge and apologize for institutionalizing the apartheid system. It was not just the government.

Mining companies were the instruments of policies. That is our legacy that we have never truly taken accountability for. In my role as President of the Chamber of Mines, I'm ensuring that this is something that the industry takes very seriously.

Is this your priority as the President of the Chamber of Mines?
We are also resisting the government's proposed mining regulations because we argue that it's damaging for the industry. But we need an alternative proposition that we can put on the table. And that proposition needs to be the culmination of many engagements with a broader set of stakeholders. Everyone needs to come together where they are all prepared to give up something. What are shareholders prepared to give up for labor stability? Banks make all the money but take none of the societal risk – what are they prepared to give up? Unions who want to retain power at all costs. What will they concede? This is my priority.

How do you bring your shareholders on board with this vision?
To be honest, it doesn't matter if shareholders are on board. Our relationship with employees, changing the legacy of mining in this country, acknowledging that we've made mistakes – that's what's important.

Are employee communications in the industry changing? What was the catalyst?
There have been big strides in recent years. Marikana was a tipping point, and highlighted the profound absence of communication. Now we are moving toward grappling with the important questions. How do we get management to have effective engagement? How do we move to a culture of true engagement opposed to power play engagement? How do we get unions to look at the leadership as partners and vice versa?

Many companies say they want employees to feel proud to work for them. In South Africa, where many are earning the minimum wage under harsh conditions, is that goal achievable?
In the absence of trying, what are we left with? No relationship is ever perfect. There are many who are proud to work for Exxaro, and then there are those who are disengaged. But those who are disengaged are often fighting on a number of different fronts – poverty, debt, ill health. Their lives are a constant struggle. From our side, we try to provide a fair and safe work environment for all.

CAROL ROOS, a Partner, focuses on corporate transactions and energy & resources. **TIMOTHY SCHULTZ,** a Director, specializes in energy & resources and public affairs. Both are based in Johannesburg.

ILLUSTRATION: EDMON DE HARO

My Fair Employee

It may sound preposterous, but it's actually sound science: leaders' beliefs shape how their teams perform. Brunswick's **GIOVANNA FALBO** and **EDWARD STEPHENS** report

HAVING VOWED TO IGNORE WOMEN FOR the rest of his life, the mythical – and presumably lonely – sculptor Pygmalion decided to carve a female companion out of ivory. He fell so deeply in love with his creation that he talked to it, showered it with gifts – some impressive (gold); others less so (smooth pebbles) – and even laid the sculpture down on his couch at night to sleep. The normally vengeful Roman gods took pity on the delusional artist and granted his wish: with a kiss, the statue came to life.

In a landmark article for the *Harvard Business Review*, J. Sterling Livingston saw the mythical sculptor as an apt metaphor for business leaders. "More often than one realizes, the manager is Pygmalion," Livingston wrote. Citing a wealth of research and case studies – and this was in 1969 – Livingston argued that leaders' beliefs about their teams change how they interact with its members. This, in turn, changes how those team members act, causing them to live up or down to their leader's beliefs.

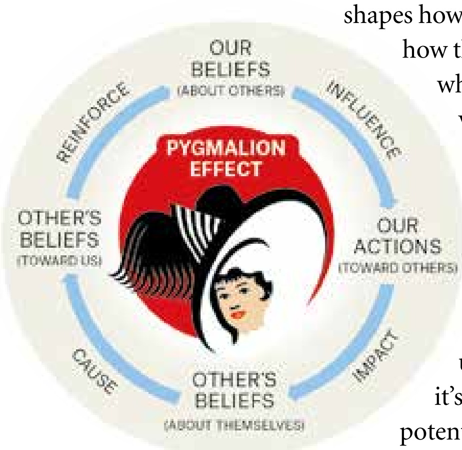
A leader's expectations – not demands or performance targets, but truly held beliefs – can become self-fulfilling prophecies that can produce changes as seemingly impossible as turning ivory into flesh.

Since Livingston's article, the Pygmalion-esque power of our expectations has been studied in healthcare, the military and education. It's such a well-established psychological phenomenon that there's even a name for it: the Pygmalion effect. (The reverse, where low expectations cause lower performance, is called the Golem effect).

Though the research goes back 50 years, it feels especially relevant and necessary today. Gallup's

More than 50 years of research suggests that our beliefs about others can act as a kind of self-fulfilling prophecy – for better, or worse.

Graphic source: theworldcounts.com



most recent global survey found that worldwide, only 15 percent of employees feel engaged. The main culprits, at least in the US, according to Gallup, are managers – who, Gallup estimates, account for "70 percent of variance in employee engagement." The survey didn't find reason for optimism: only one out of five employees globally feel like they're "managed in a motivating way."

Which isn't to suggest that harnessing the Pygmalion effect will solve the employee engagement crisis overnight. The takeaway is much subtler: what you think about your employees shapes how you act toward them, which affects how they perform, which in turn affects what you believe about them. A virtuous cycle.

The same is obviously true in families, in friendships, and with ourselves. It bears thinking about. Changes in beliefs take time to become embedded in our thinking and even longer to show up in the responses of others. But it's a step worth taking, given the huge potential rewards.

IT WAS A STUDY IN THE MID-1960S, LED BY ROBERT Rosenthal, a Harvard professor, and Lenore Jacobson, an elementary school principal in San Francisco, that first drew attention to the phenomenon (the Pygmalion effect is sometimes called the Rosenthal effect). The pair administered a test to students at the start of a school year to measure students' IQs.

When Rosenthal and Jacobson shared the test results with teachers, they told teachers the students had taken the "Harvard Test of Inflected Acquisition," which identified the students mostly likely to "bloom."

The Harvard Test was, of course, a sham, and no more accurate than a coin flip at predicting a student's potential. Rosenthal and Jacobson had chosen the "bloomers" at random – but the teachers didn't know that.

At the end of the year, Rosenthal and Jacobson found a marked difference in IQ scores between "bloomers" and "non-bloomers" – it seemed the fake Harvard Test had created very real distinctions in students' performances.

Rosenthal, who sat in on classes throughout the year, concluded that the gulf had been caused by teachers' beliefs. Since the teachers had expected students to perform differently, they had treated them differently. Rosenthal categorized the four most important differences.

1 Climate Through both verbal and non-verbal communication, teachers tended to create a warmer, friendlier environment for "bloomers."

2 Input factor Since teachers believed "bloomers" were capable of handling more information, they gave them more information to handle.

3 Response opportunity Teachers gave "bloomers" more time to respond, called on them more often, and let them speak longer, believing these students would know or eventually arrive at the right answer.

4 Feedback "Bloomers" were praised more. And, more importantly, "bloomers" were given differentiated feedback; instead of a simple "wrong" or "good job," teachers told "bloomers" what specifically they could do better or what they did right – crucial to learning and improving.

The study has its detractors. IQ is, at best, an incomplete measure of intelligence and academic achievement. And the results were more pronounced in younger children than in older ones, where expectations didn't always influence outcomes so drastically. But the bigger question is: why did they influence them at all?

Rosenthal explained in a 2015 interview: "The bottom line is that if we expect certain behaviors from people, we treat them differently – and that treatment is likely to affect their behavior."

Dov Eden, a professor at Tel Aviv University, followed a similar approach in one of his most famous experiments. Using results from a fake test, Eden told commanders in the Israeli army that certain soldiers under their command were especially gifted. After only seven weeks of training, Eden found a 15 percent difference in performance between soldiers who had been assigned the highest potential versus those who had been given the lowest. His takeaway: "Leaders get the performance they expect."

So do online daters, apparently. In 2014, Christian Rudder, co-founder of the online dating site OkCupid, wrote about a few experiments the website had run on its users. One of which, again, involved deliberate deception: when the site's algorithm had determined two people weren't meant for each other, OkCupid occasionally told them they were. And the data showed, in Rudder's words, "when we tell people they are a good match, they act as if they are. Even when they should be wrong for each other."

Our beliefs shape relationships and outcomes in the office no less powerfully than they do online. Livingston's *HBR* article, "Pygmalion in Management," focused on the power of leaders' expectations on a team's performance. The piece told the story of organizational experiments overseen by Alfred Oberlander, a district manager for the insurance company MetLife, who made three simultaneous changes: (1) he grouped his best sales agents together, (2) put them under the leadership of his best assistant manager, and (3) set the group ambitious sales targets. Oberlander also grouped his average-performing agents into a team, and did the same with his low-performing agents.

The results? The "super staff" performed superbly, and helped improve overall performance by 40 percent. The lowest group's sales declined, living down to the expectations set for them.

Unexpectedly, the average group delivered better-than-average performance – in fact, their sales figures grew the most sharply. Oberlander's explanation was that the average team had a better-than-average leader, one who believed they were capable of delivering results on par with the "super staff."

In other words, their leader expected them to perform at the highest level (and told them as much), and they did.

A manager in a separate division at MetLife tried to replicate Oberlander's results. He divided agents into three groups and set them more ambitious goals. But from the outset this manager admitted that he believed his employees, even his highest performers, were "either average or incompetent." While the manager followed the same steps, he didn't get the same results: sales stagnated.

This is one of the most important wrinkles – and limitations – of the Pygmalion effect: it can't be faked. Leaders have to genuinely believe that their team is gifted or capable of hitting an ambitious target. Pretending just doesn't cut it.

Why? Because belief shines through in millions of nonverbal, often subconscious, cues. Even if we're trying to believe, even if we *want* to believe, people can tell that we don't. The consensus, established by two 1967 studies, is that body language, facial expressions, and tone of voice account for 93 percent of the information we communicate – only 7 percent comes from the words we actually speak. "Indeed, managers often communicate most when they believe they are communicating least," Livingston wrote.

The Pygmalion effect is real, though some leaders might argue it's not grounded in business reality. They've been working with their teams long enough to know who's gifted and who's not.

But the message of the research is as compelling as it is inconvenient: performance today reflects

15
PERCENT
of employees, worldwide, are engaged

Source: Gallup

PHOTOGRAPH: ARCHIVE PHOTOS / STRINGER

MY FAIR LADY

ROUGHLY 40 YEARS after its debut, George Bernard Shaw's play *Pygmalion* made a return to Broadway – with two noticeable changes. It had become a musical, and acquired a new name: *My Fair Lady*.

The plot remained virtually unchanged: Eliza Doolittle, a flower seller with a Cockney accent, comically refines how she speaks and acts under the tutelage of professor Henry Higgins. Just as the mythical sculptor Pygmalion made a real woman out of ivory, so the self-assured Higgins sets about making "a fair lady" out of a flower seller.

The musical was wildly popular – in 1962, six years after opening, *The New York Times* reported of the long lines to get tickets to the show's final performances. It was also critically successful, garnering nine Tony Award nominations.

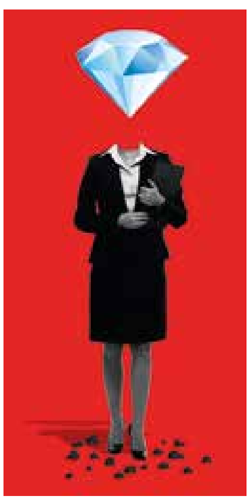
Audrey Hepburn (pictured, as Eliza Doolittle) starred alongside Rex Harrison (pictured, as Henry Higgins) in the 1964 film of the same name. Like the musical, the film was a classic, winning eight Academy Awards. With a budget of $17 million, it was, at the time, the most expensive movie ever filmed in the US.

Harrison starred in both the film and the musical; his co-star on Broadway eight years earlier was Julie Andrews. Fans of the musical have reason for excitement: *My Fair Lady* is set to return to Broadway in 2018.

93

PERCENT of US drivers rated themselves as "above average"

Source: Ola Svenson, "Are we all less risky and more skillful than our fellow drivers?"



not just the talent of employees, but the underlying beliefs of the people who lead them. Continue with the same beliefs and you can expect the same results. Change the beliefs – truly, fundamentally change them – and better performance is possible.

Ellen Langer, a Harvard psychologist, writes in *Counter Clockwise* of an experiment where people asked to complete 100 jumping jacks reported feeling tired after finishing around 70; another group, which had been asked to do 200 jumping jacks, reported feeling tired at the 140 mark. A number of factors are at play in this discrepancy, but one is simply that people did more because they were asked to do more.

And in what's known as "Sweeney's Miracle," Dr James Sweeney of Tulane University trained George Johnson, a janitor at the university whose IQ was assessed as below average, to use sophisticated computing technology. This janitor, under Sweeney's tutelage, became head of Tulane's Biomedical Computer Center – and would go on to train others to do the same.

Few will be shocked to read that people are often capable of more than we think they are – and more than they believe they are. Though we've heard this before, it doesn't mean we're actually practicing it.

Beliefs are quickly formed and slow to change. In *Thinking, Fast and Slow*, the Nobel Prize-winning Daniel Kahneman writes of a study that presented people with the text below:

Alan: intelligent—industrious—impulsive—critical—stubborn—envious

Ben: envious—stubborn—critical—impulsive—industrious—intelligent

Then they were asked what they thought of Alan and Ben. Overwhelmingly, Alan was liked more than Ben – even though the two had exactly the same traits. People couldn't even get to the end of a sentence before forming judgments and beliefs about Alan and Ben; nor did they have the patience to step back and reconsider their beliefs when asked about them. Malcolm Gladwell's best-selling book *Blink*, which highlights the prevalence and power of "two-second judgments," suggests we do this far more often than we think.

Another set of beliefs leaders should examine: the ones they hold about themselves. Plenty of us hold flawed beliefs about our abilities – a landmark study found that 93 percent of US drivers rated themselves as "above average." Leaders are no exception. Many think they're better at communicating expectations than they actually are: "Managers are more effective at communicating low expectations to their subordinates than in communicating high expectations to them," Livingston wrote, "even though most managers believe exactly the opposite." Given the power that belief has on performance of individuals and teams, this is a serious problem, but also a wonderful opportunity for individual employees and managers.

The Pygmalion effect can sound so simple as to be glib. Belief and positive thinking sound nice, but they can't change hard skills or a host of other factors that determine how a team performs. And what of employees themselves? Don't they bear some responsibility for how they perform?

These points make two mistakes: first, they mischaracterize the Pygmalion effect, and second, they ignore the overwhelming body of research behind it. Both are easier to do than take responsibility for the beliefs we hold about others and ourselves.

Dov Eden, who led the research on the Israeli army, admits: "It sounds so simple; it seems too good to be true." And yet, time and time again, a change in leaders' beliefs produces measurable changes in performance – in Eden's study, a 15 percent gap between the "gifted" and the "non-gifted"; in Oberlander's study at MetLife, a 40 percent jump in sales. And there are hundreds of other studies like them.

And if it's not glib, perhaps it's just obvious. Who in their right mind would suggest that believing your team is mediocre will lead to better outcomes? But Gallup's data suggests that many leaders hold precisely these kinds of beliefs about their colleagues.

The myth of Pygmalion ends abruptly – we know he married the statue-turned-woman, Galatea, and that they had a child. But whether he continued to give Galatea smooth pebbles, or if she continued to sleep on the couch, remain a mystery.

The psychological effect that bears his name is much less ambiguous. Decades of research show that when people change what they believe about their colleagues and what they expect from them, measurable, if not miraculous, improvement almost inevitably follows.

And perhaps most challenging of all, the only price tag for this wonderful change: a willingness to have faith in the people we lead.

GIOVANNA FALBO, a Partner, specializes in labor relations and employee engagement. **EDWARD STEPHENS** is Deputy Editor of the *Brunswick Review*. Both are based in Brunswick's New York office.

Reverse the “BUSY” curse

Author **DAVID GILBERTSON’S** blunt assessment of modern workplaces: they’re hectic and less thoughtful. What happened to simplicity and common sense?

We are living in an era of seemingly relentless downward pressure on corporate costs. Consumers expect to pay less for everything. Globalization, automation and, increasingly, AI are wiping out swaths of jobs. Formal commitment between employers and employees is being replaced by at-will/on-demand models of work.

Do staff really matter so much these days? Maybe not. Unless your people are what differentiates you.

In my book *Wine Bar Theory* I talk about how modern enterprise has become progressively busier and less thoughtful at the same time. I think that’s more than a regrettable trend, and put forward 28 ways of reversing that spiral to replace “busy” with “smart” and “urgent” with “important.” How people are organized, managed and led is central to achieving that and to making a positive difference.

The first of those credos involves clarity of purpose and its communication. Many leaders find it hard to say what their business is for, though they can describe at length what it does.

Simplicity is key. We overestimate how effective we are at communicating. I come across businesses with convoluted sales messages, yet they wonder why their sales are low. Complicated means you haven’t distilled significance. If Einstein made the Theory of Relativity communicable, you can do the same with your business.

That is critical for staff. Many may have come straight from formal education and got used to accepting fuzzy understandings. That compromise is anathema for business. If I don’t understand the purpose of what I do, I can’t advance in the job or advance the job itself. That’s why you must hire people who won’t take fudge for an answer.

Often it seems to be the middle ground, policed by middle managers, that proves to be the killing field for suggestion, idea and initiative in business.

Here are a few tell-tale examples of how innovation is routinely slaughtered, but in a nice, humane way.

When a job comes up internally. “She’s good but I don’t think she’s quite ready. We should look outside instead.” Translation: I’m threatened by her and it took me years to get to her level.

On recruitment. “He was really smart but I didn’t think he’d be satisfied with the job after a while so we gave it to someone who was more of a fit.” Better to choose a person who does what they’re told than someone who can grow the role.

On marketing opportunity. “Yes I can see that would be a very good way to reach new customers but unfortunately we’ve already spent this month’s budget.” So if that initiative costs us $1,000 and we make $10,000 from new sales from it, which budget was it we didn’t have?

On resourcing. “Let’s commit two people to digging this hole for the next six months.” That would be instead of six people digging it for two months for the same cost and a more certain outcome?

Business increasingly complains of a lack of loyalty among young recruits and puts it down to Millennial “attitude.” It has either forgotten, or never known, the enduring ingredients of job loyalty: responsibility, recognition and reward.

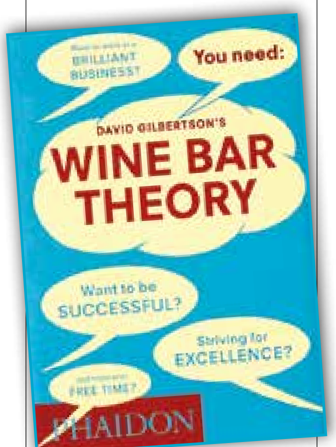
Everyone in a company should be responsible for something. The Big Boss is responsible for everything but, if smart, knows she can’t do it all. The effective devolution of responsibility from the top down makes great companies sing. The doorman needs to be absolutely responsible for the door and should be able to explain why that’s important, how he makes what he does outstanding and what he is determined to do even better this year.

How many of your colleagues have those answers? How are they recognized for delivering on them and when was the last time it was reflected in their rewards? If your answer is not many, not often or not at all then the reason they’ve gone backpacking is not that they’re awkward new-century ingrates. It’s because you didn’t understand the nature of the relationship: they didn’t matter to you and you didn’t matter to them.

As consumers, we recognize the difference between organizations whose staff are disengaged and those whose staff believe in what they’re building. We are loyal to brands and places we like.

Success is still closely linked to the customer-facing behaviors of the people businesses select to represent them. Creating wealth sustainably for owners is best done by creating an environment where employees feel they own what they do.

There’s a 100 percent reliable question you can ask yourself at any time to check how well you’re doing that. “How would I feel in their shoes?”



DAVID GILBERTSON

David Gilbertson is former CEO of media companies Informa PLC and Emap Ltd. He is now Chairman of the marketing service group Communisis and an adviser to several private companies. His book, *Wine Bar Theory*, is published by Phaidon Press.

I fought the

LYNN TILTON tells Brunswick's **ELLEN MOSKOWITZ** about her ultimately successful effort to defend herself against SEC accusations of fraud. Her attorney was Gibson Dunn & Crutcher's Randy Mastro

AS A BUSINESSWOMAN, I HAVE A LONG history of fighting for achievement in territories typically reserved for men. None of that prepared me for my recent battle with the Securities and Exchange Commission.

In 2015, the SEC sued me for fraud. The accusation stung in all sorts of ways, not least because of how I was raised. My three siblings and I grew up in a loving home committed to hard work and appreciation. We were taught that we are best defined by how we touch the lives of others. We call this "our father's values." My siblings all made public service their lives' work.

My parents are first-generation Americans; their parents, Russian immigrants. I was raised in the Bronx, then Teaneck, New Jersey, where I played competitive tennis, achieving national recognition before attending Yale University, where I played on the varsity team.

During my sophomore year in college, my father was diagnosed with brain cancer and died. Feeling the need to care for my mother and younger brother, I married during my junior year and upon graduation headed to a coveted analyst role at Morgan Stanley.

I hadn't planned a career in business. But what is by design temporary becomes permanent by necessity. By 23, I was the single mother of a beautiful daughter, working 100-hour weeks in Mergers & Acquisitions. During the next decade, as an investment banker at Goldman Sachs, Merrill Lynch and Kidder Peabody, I scrambled in fear to meet the relentless demands of male-dominated Wall Street while fulfilling my responsibilities as a mother.

In 2000, I realized that I could combine my Wall Street experience with my "father's values." Back when he passed, I learned first hand the devastation that a working parent's death wreaks upon a family. Now I decided to dedicate my life's work to saving other families from what mine had experienced. The "dignity of work" became my passion, drive and mission. I set out to design a business model where value would be built for investors while improving life for workers. Patriarch Partners, named to honor my father's values, was born.

I invented a patented financial model that allowed Patriarch to raise funds to buy deeply distressed companies. Once we acquired them, we worked tirelessly to restructure and reignite them, attempting to save jobs and build value. Over 17 years, we have restructured 243 companies, saving 700,000 jobs. Of this, I am most proud.

Tilton's Patriarch Partners seeks to restructure and rescue distressed American manufacturing companies. Her companies include MD Helicopters, a maker of commercial and military helicopters. She serves as its Chairman and Chief Executive Officer. She says saved jobs are the true measure of success.

After the financial crisis, when the government bailed out Wall Street banks and large companies but not small or mid-sized manufacturing companies, I spoke out loudly and wrote boldly. I feared that creating a populace of the permanently unemployed would lead to violence on the streets of America.

In December 2009, the SEC began an informal investigation of my business. I cooperated fully, certain that all would be fine once the agency understood the *sui generis* nature of my funds and the nuances of distressed private equity. But the SEC claimed to find evidence of fraud and offered me a settlement. Because I had complete confidence in the integrity of my business practices, I refused to settle, and the SEC officially sued me for fraud.

I now understand why no one on Wall Street fights the SEC. The allegations cast a shadow so large it was nearly impossible to manage my business. When banks went to the sidelines, worried about reputation risk, I alone provided the funding to my operating companies, maintaining as many as I could during this fight. During a 14-day trial, I spent four days as a witness, fighting to protect my companies and employees.

On September 27, I won. An SEC in-house judge threw out the so-called case against me. While many observers had bought into the SEC's unproven narrative, my employees never lost faith or abandoned me. So this victory and vindication is not only for me but for my employees, all tens of thousands of them.

ELLEN MOSKOWITZ, a Brunswick Partner and former practicing lawyer, is head of the firm's US Litigation practice.

PHOTOGRAPHS: COURTESY OF PATRIARCH PARTNERS

law and I WON

CRACKING THE CULTURE CODE

LinkedIn's "collective personality" is its driving force, Asia Pacific Managing Director **OLIVIER LEGRAND** tells Brunswick's **JEAN TAN.** Yet even with that success, culture is the thing that keeps him up at night

Google "organizational culture" and you're liable to get 9 million hits – from textbook definitions to TED talks to myriad academic articles and management white papers. Quippable CEO quotes tout culture's towering role in the success of their companies. It's the subject of countless business books and biting corporate satire – "Dilbert" comics would make for very handy, "what not to do" reference guides – and it consistently ranks high in C-suite surveys as a boardroom priority.

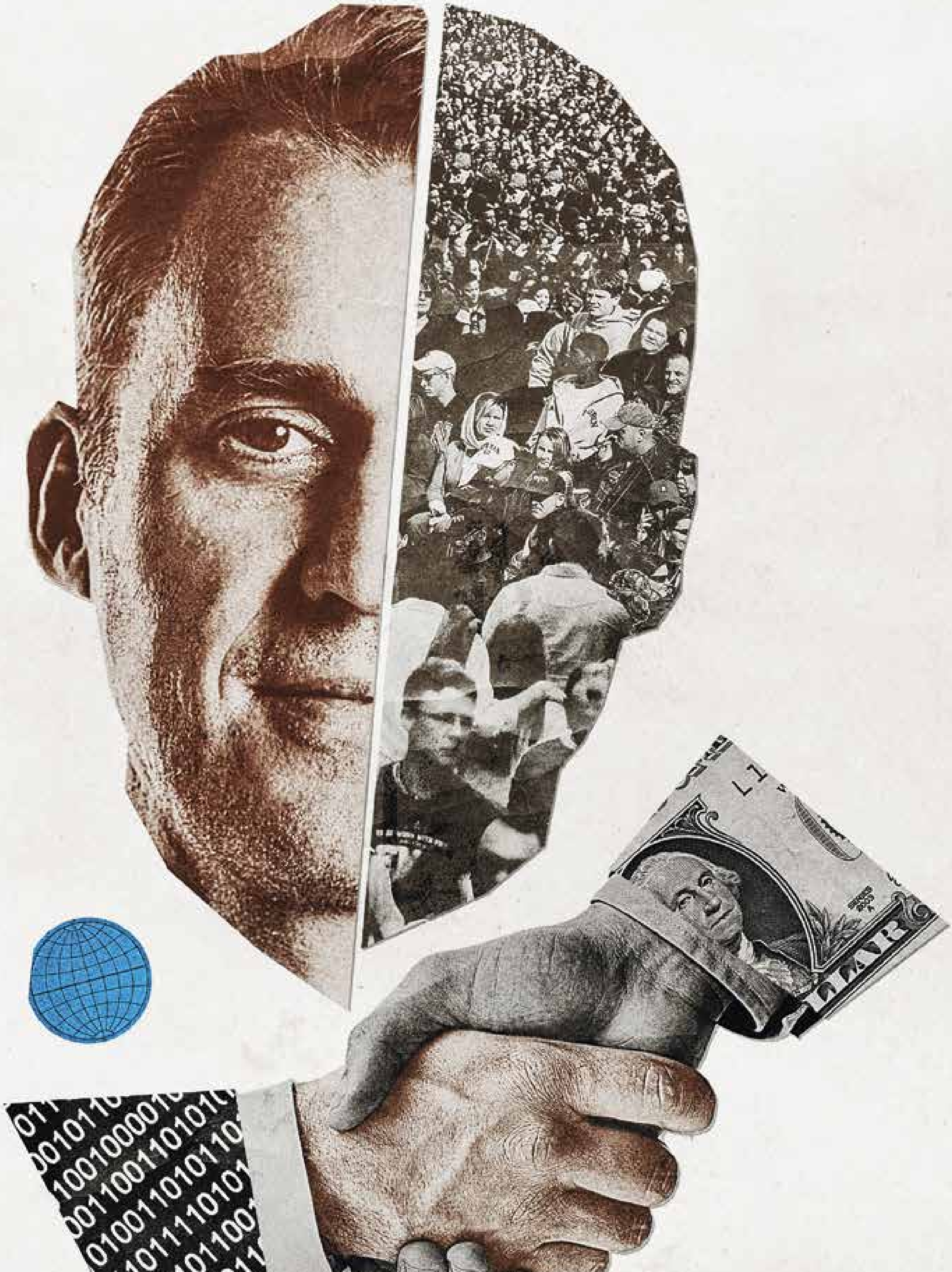
For all its current dominance, the topic of organizational culture didn't become a subject of inquiry until 1960, gaining traction, particularly among scholars, over the next two decades. Cultural concepts such as stories, symbols and rituals were used to analyze and understand organizations. Culture came to be seen as the key to a company's progress, and it was sold as the management panacea for all corporate ills. Managers were singled out as the people who have the most significant impact on an organization's culture. Culture was a job for the top.

Unfortunately, like many such ideas before it, culture as a wonder drug proved, at best, a placebo. Despite numerous studies and a multitude of theories, it became apparent that it was impossible to produce the practical, catch-all solutions that many managers were yearning for.

As its name suggests, culture, even within the context of a corporation, is organic, evolving, even irrational. In its intangibility and susceptibility to the human condition, culture requires a company to flex all its muscles – leadership, communications, organizational performance – before it can achieve an enduring advantage. Yet it's undeniably true that such an advantage exists – for companies that are able to cultivate such an organic, sustaining culture.

From its beginnings, LinkedIn has accepted that challenge. The world's largest professional network with 500 million users across 200 countries and territories, LinkedIn is a hypergrowth company, catapulting in less than 15 years from startup to

ILLUSTRATION: LINCOLN AGNEW



Silicon Valley powerhouse with offices around the world. Steady revenue growth and other business achievements – including a high-profile acquisition by Microsoft in December last year – are widely reported, but so too are its initiatives and commentary around corporate culture. A recent Forbes article described LinkedIn's culture as "thriving."

That dynamic culture is tangible throughout the company's Singapore office, where we spoke to Olivier Legrand, the Managing Director of LinkedIn Asia Pacific. Perched on the 29th floor of a sparkling skyscraper in the city-state's central business district, the office is the company's Asia Pacific headquarters.

When we visited, it was a hive of activity – mostly work, but also play. Employees are free to hop into one of the game rooms (video games seemed to be the challenge of choice, but classic board games also line the shelves of the inviting space), play a round of ping pong or hit the in-house, professionally managed gym. It might be reasonable to assume this is how a vibrant culture is built, with rec-room amenities.

But Legrand insists that the culture is more of an outcome than a formula. "It's one thing to have a ping pong table," Legrand says, "it's another to create an environment where people feel safe to actually play ping pong in the middle of the day – otherwise, all you've really got is a piece of space-wasting furniture."

Legrand joined LinkedIn in 2012 – months after the company went public – and now leads more than 1,500 employees in 13 offices across the region. He says that arriving at LinkedIn's culture today took time, experimentation and a "full bottom-up approach." The last point, bottom-up, is a theme that Legrand returns to often in our discussion. LinkedIn's culture works, he says because it is "owned by everyone."

Judging by Legrand's own attitude, expressed in our interview, the company's emphasis on making each employee feel like an owner and ambassador of their culture is paying handsome dividends.

A company's culture can be hard to articulate. How would you describe LinkedIn's?

I would say our culture is the connective and collective personality of LinkedIn. Culture is the product of a clearly defined, highly inspiring mission – I think people want to work for companies that are helping the world in some shape or form. So for us, our mission is to connect the world's professionals to make them more productive and successful, and our longer-term vision for the company is to create economic opportunity for every member of the global workforce. I believe we have a clear purpose and a strong set of values, which provide an anchor for our employees and guide how we do things.

Can you give me an example of how culture helps you navigate a company that's growing as quickly as LinkedIn?

Before we went public, our CEO, Jeff Weiner, decided that he wanted to get in front of our employees twice a month for a company-wide all-hands. He wanted every member of the company to have the chance to hear directly from the top, where he and other senior leaders would be totally transparent about the company priorities, our product road maps and so on.

After the IPO, I think a lot of colleagues expected this to stop – being a publicly listed company, it might be too risky to continue this level of disclosure and transparency. But Jeff continued with it. Our culture was built on our values of being open and honest, and he didn't want to compromise that. Leaders put the responsibility back on the employees and trusted them to not breach our trust. This company-wide meeting is still something Jeff does every other week. It seems like a small thing, but it goes a long way toward demonstrating how we stand by our culture and values.

What is a common mistake companies make when they try to build a culture?

There are two that come to mind. People tend to relate their company culture to who they are, rather than who they want to be, who they aspire to become. This notion of aspiration is key for me. It provokes questions like, what sort of company do we really want to build? Who do we want to be when we grow up? Even more importantly, it permits imperfections. When you're aspiring, you know you can do better. It creates this motivation to work together toward being that company, to achieve what you set out to do.

The other possible pitfall when it comes to building a culture is the emphasis on "fit." You hear that a lot these days: is so-and-so a culture fit with us? But I don't like the word "fit" because there is a tendency to interpret it as, "is this person like me?"

OLIVIER LEGRAND

Olivier Legrand joined LinkedIn in 2012 and became Managing Director for Asia Pacific in December 2015. He also leads the company's Marketing Solutions business for the region. Previously, he was General Manager, Asia at The Wall Street Journal Digital Network, a part of Dow Jones. He was also founder and CEO of Creasia Marketing House, a marketing and digital production agency in Hong Kong.

There are many ways to fit our culture – people have many dimensions to them, and we all don't have to be the same. So there is risk to diversity when people over-index on hiring; trying to get the right fit, you can wind up picking only people of similar background or thinking.

I have a hard time generalizing people and putting them into buckets, by the way. I know it's a natural thing, but I don't believe it's true or helpful – for leaders, or the people they lead.

You said once that culture is the thing that keeps you awake at night. Why is that? Isn't culture one of LinkedIn's strengths?

Yes, and it's precisely because our culture is such a strong competitive advantage for us that I worry about sustaining it as we grow.

It's hard enough when you have 500 people. But as you grow to 1,000, and then 5,000 and so on – at LinkedIn we have nearly 12,000 people now – it gets more challenging. But for us, to maintain the pace of growth we've experienced, it is absolutely necessary to have a strong culture. It guides how we behave and the sort of decisions that we make, especially for the leaders, and particularly at the point of hiring.

I want to make sure we are bringing in the right people, who will help us nurture this incredible culture, and will continue to make this a place where people want to work. So yes, I'm paranoid about losing it.

Would having a Chief Culture Officer help?

I can see how that would work for some companies: if someone "owns" culture then you have focus, and it's someone's full accountability. But as I mentioned earlier, culture here is the collective personality of LinkedIn. It really should be owned by everyone. If anyone should prioritize this, it should be the CEO. That sort of example from the top has a powerful effect at all levels of the organization.

It's true that our talent department owns certain work streams that directly influence our culture, initiatives that look to foster diversity, inclusion and belonging, for example.

Still, when I look at how things get done, I can see that HR may be driving the agenda, but there are a lot of grassroots efforts from employees themselves, where they feel empowered to start different resource groups and other initiatives to help the cause – this to me is culture at work.

"You hear that a lot these days: is so-and-so a culture fit with us? But I don't like the word 'fit' because there is a tendency to interpret it as, 'is this person like me?'"

You have 13 offices across Asia Pacific. Do you find it challenging to codify your culture and make it relevant from Sydney to Singapore?

It's a challenge for any organization to provide a clearly codified culture and avoid multiple subcultures within the company. So when it comes to communicating anything around culture – expectations, behaviors, defining the values, and the actions that you want to see – words are powerful. But the best-intentioned words can turn into little more than pretty posters on the wall. You need people to live them, and live by them.

If your team believes in your culture and your purpose, and if they see the leadership team living by that culture, that's when the magic happens. That's when culture becomes an actual competitive advantage.

As for making our culture relevant across different countries, I think it's about hiring the right people. The right hires are culture agents. Five years ago, we were opening a lot of new offices around the world – we have 26 today. The right culture agents made sure that whichever office we opened had the LinkedIn culture, but it also brought in the local dimension.

Whenever I walk into one of our offices, I'm always reminded that it's a LinkedIn office, but it has the flavor of Bangalore or Tokyo or Melbourne. So it's less about making the culture relevant, and more about respecting the local environment while fundamentally staying true to our mission and vision, and being very clear on how we do what we do, and why we do what we do.

You've been with LinkedIn for six years now. What's your biggest lesson so far?

With this organization, seeing how important culture is and how organic it has to be, I've become more aware that I'm hiring people who have the ability to choose. They have made the choice to come and work here.

As a leader, once you start believing that the people you hire have other choices, you will lead them very differently. Don't take your people for granted. Make it a place that they want to be here for – make it a place that *you* want to be here for. That's the essence of a great culture.

JEAN TAN is a Director in Brunswick's Singapore office. She specializes in the automotive and hospitality sectors, and leads the Employee Engagement offer for Asia.

The FOREST from the

Ant Financial, China's most valuable fintech company, allows users to help plant a forest via smartphone. **DR LU JIANZHONG** and **ISOBEL BROWN** report

蚂蚁金服
ANT FINANCIAL

WHY "ANT"?

How did one of China's biggest tech companies land on such a small namesake? On their website, Ant Financial, which helps facilitate payments and loans of all sizes – some less than $1 – explains: "The ant is a symbol of a small but tenacious force in the natural world. Ants may be small, but they have limitless strength when they work together. The ant also symbolizes our trust in and reliance on small- and micro-enterprises."

There are an estimated 26,000 trees in New York's Central Park. Ant Financial, an affiliate company of Alibaba Group that's been valued at $60 billion, helps plant roughly 10,000 more trees than that every day, on average, in a desert in Inner Mongolia. Or, more accurately, 220 million of its users do, through the company's "Ant Forest" initiative.

Through Ant Financial's mobile and online payment platform, Alipay – China's equivalent to Apple Pay or PayPal – users can join "Ant Forest." Once signed up, they accumulate "green energy" through their Alipay accounts by recording activities that have reduced their carbon footprint, like taking public transport, paying utility bills or booking tickets online.

When their accumulated green energy reaches a certain level, it can be converted into a virtual tree. Then, in collaboration with the Society of Entrepreneurs and Ecology (SEE) Foundation, Ant Financial converts these virtual trees into real ones, planting a saxaul tree in the Alashan Desert in Inner Mongolia. Saxauls are native to middle and central Asia, can withstand long periods of drought and, in desert conditions, tend to be relatively small, not much larger than a shrub.

The Ant Forest app launched in late August 2016. By April 2017, Ant Forest had 220 million users – roughly 3 percent of the world's population – and had planted almost 8.5 million trees. According to estimates, these efforts are collectively reducing carbon emission levels by more than 2,500 tons of CO2 per day.

It's one of the signature initiatives that helped land Ant Financial at No. 6 on *Fortune*'s latest "Change the World" rankings, the highest of any company headquartered in Asia. Another initiative, announced at the World Economic Forum in Davos in January 2017, saw Ant Financial and the United Nations Environment Program (UNEP) launch the world's first "Green Digital Finance Alliance" to promote the use of green finance throughout the global financial system.

The emphasis on using financial technology for social good starts from the very top. Eric Jing, CEO of Ant Financial, wrote last year that Ant Forest was one of the company's products he was "most satisfied with" in 2016, as it demonstrated one of the company's core beliefs that "science and technology are the greatest drivers of public welfare in our age."

But the belief that fintech can champion sustainable development also emanates from the ground up, so to speak.

Wang Zu, the Manager of Ant Forest, received an email last year from his boss. It was a sunny afternoon, Zu remembers. And the email asked Zu to lead a large-scale green finance initiative at Ant Financial.

What's distinctive about Ant Financial is what Zu's boss *didn't* say in the email: what the initiative needed to look like, what its KPIs were, and when a deadline for delivery was.

That's because Ant Financial places a real emphasis on employees driving initiatives themselves, and then tries to give its people the freedom to be creative.

It's a win-win for the company. No industry relies on innovation more heavily than tech, and empowering employees makes them more motivated and engaged – and can lead to breakthrough innovations, in both business and social initiatives.

Zu cites this culture as an essential component of Ant Forest's creation. He brainstormed with colleagues of all levels and from a number of different departments. It was from one of these exchanges that the idea for Ant Forest was born.

ILLUSTRATION: EDMON DE HARO

SCREENS

At an invitation-only seminar on public welfare innovation, we spoke with Hong Jun Zhu, Director of Brand & Communications at Ant Financial, about the company's culture. What difference does it really make?

He told us a story about Ant Financial's engineering teams who, unasked, created an initiative that allowed visually impaired people to use Ant Financial's mobile payment services. It's this blend of business innovation, social good and individual ownership, Zhu says, that they see as invaluable; staying ahead of competition, and yet connected to society.

Along with the rest of Alibaba, Ant Financial encourages employees to tackle problems outside of the office. "Alibaba's 'Three Hours of Community Service' program requires all employees to take part in a minimum of three hours of community service every year," Zhu told us. "Jack Ma [Alibaba's founder and executive chairman] recently disclosed to internal employees the amount of service hours he has accrued thus far for the 2017 fiscal year, reporting 45.5 hours of community service."

The effects of these initiatives reach beyond Ant Financial's employees – some have a surprisingly powerful influence on customers and users.

Take Ant Forest. Among the hundreds of millions of "gardeners," most of whom are Millennials, is a postgraduate student at Peking University, majoring in botany. His research focuses on saxaul trees, though he has never seen a real saxaul forest. In order to plant his own saxaul tree, he commuted by subway and bicycle every day, and paid his daily expenses with Alipay. His research team also began growing virtual trees via their smartphones, hoping to eventually help create a genuine saxaul forest.

Jiang, a native of Fujian province, is another Millennial "gardener." During his wife's pregnancy, he accompanied her during her daily walks. All the footsteps they took were recorded and converted to green energy on Ant Forest. By the time their baby was born, they had accumulated enough energy to grow one saxaul tree.

They want to tell their child, as he or she grows, about how this tree came to be, and explain that even the smallest choices we make can help create something lasting and beautiful.

DR LU JIANZHONG, a former Brunswick Partner, specialized in social responsibility and sustainability practices. **ISOBEL BROWN** is an Executive. She is based in Brunswick's Shanghai office.

Employee-free HOSPITALS

Cleveland Clinic CEO **DR DELOS COSGROVE** talks with Brunswick's **ANITA SCOTT** about better healthcare through teamwork

Before his appointment as president and CEO of the Cleveland Clinic in 2004, Dr Delos "Toby" Cosgrove performed 22,000 surgeries as a heart specialist at the nonprofit medical practice.

Two years into his tenure as CEO, Dr Cosgrove oversaw a move that seemingly lacked the delicate touch one expects from a world-renowned heart surgeon: in Dr Cosgrove's words, Cleveland Clinic "got rid of all its employees."

Instead, everyone working at the world's second-largest private medical practice became a "caregiver." Mandatory training sessions and discussions accompanied the name change, which cost an estimated 20-plus million dollars to implement. More than a decade later, the organization has an annual operating budget of $8 billion and 52,000 caregivers worldwide – and still boasts zero employees.

The rationale behind the move? One, it helped unify the organization's team of workers across the world. And two, changing how employees thought of themselves helped change the quality of care they provided. "Everybody here is, in one way or another, directly and indirectly involved in taking care of patients," Cosgrove told Brunswick in a recent interview. "And it's important that everybody feels they're involved."

Data suggests the initiative worked on both counts. In 2008, Cleveland Clinic's patient satisfaction scores, measured by the US government, were in the 32nd percentile. In 2016, it scored in the 79th percentile.

And its caregivers are engaged. While employee surveys are often ignored in other companies, Cleveland Clinic's 2017 survey had an 85 percent participation rate. A clearer demonstration of team members' interest and investment in the company: Cleveland Clinic's turnover rate in Ohio – including retirements, deaths, and departures – is only 5.5 percent. The average turnover among hospitals according to PwC's latest report, was 17 percent.

If its approach to engaging employees is distinctive, so too is its structure. Cleveland Clinic is a group practice. Its 3,600 group members elect leaders and participate in decision making.

Another uncommon practice: Cleveland Clinic's doctors are salaried, receiving no bonuses or financial incentives. This means physicians don't make money by ordering tests or performing operations. All doctors sign one-year contracts and receive annual performance reviews – standard in the business world, but not among Cleveland Clinic's peers.

The Cleveland Clinic's three-part mission of clinical care, research, and education is "a bit like a tricycle," says Dr Cosgrove. "The big wheel is clinical care – that's the name of our organization; it's what's on the door. Our education and research support and strengthen the clinical practice." Though they play supporting roles, the group's education and research practices are significant: among other initiatives, they provide the only tuition-free medical school in the US and have allocated roughly $250 million toward medical research.

Dr Cosgrove has announced he will step down from the CEO role at the end of 2017, but will stay on in an advisory capacity to help the incoming CEO. In our discussion, he told Brunswick how Cleveland Clinic's model is evolving through technology and teamwork to match the ever-more complicated demands of healthcare.

Why do you think the shift from employees to "caregivers" made such a difference?

We decided that we needed to have something that unified everybody who works here – all 52,000 of our people. Our mantra became "Patients first."

And we reinforced our belief that everybody, whether you're a researcher or delivering bedside care, is directly or indirectly involved in taking care of patients. And so we addressed them as caregivers – as a way to get everyone on the same team, working toward the same goal.

That's important because we believe healthcare is a team sport. It used to be an individual sport, but now it's too complicated for one person – the total amount of knowledge in healthcare doubles every 73 days. So our culture, the quality of our care, depends on teamwork. And we're serious about that. All of our caregivers – and I mean all of them – took a day-long course in

ILLUSTRATION: JOE CIARDIELLO

communication. And since then, we've seen measurable improvement in both our physician and patient satisfaction.

You have no "employees" – what else distinguishes the Cleveland Clinic?
What we try to do is to make this a place that works for doctors, for nurses, for all of our staff, to look after patients.

To give you an example of what I'm talking about: as a cardiac surgeon, I never had to worry about hiring a secretary. I didn't have to sign any contracts. I just looked after patients. That's really what doctors sign up to do.

We support them so they can do that and try to give them the equipment, time, the personnel and support and the facilities so that they can take the best care of patients. That's part of it.

Another thing I always mention is that we are extremely transparent.

How so?
For the last decade we've been recording our outcomes – the good, the bad and the ugly – and sharing them, both internally and externally, which is our duty as a community resource. We believe in sharing and are always interested in collaborating.

Have these changes affected the kind of doctors you are able to recruit?
We attract people who, in addition to being interested in clinical care, are drawn to the fact that we're innovative and willing to support research and education. Have you ever been to Cleveland? [laughs]. Well, people aren't coming to Cleveland for the beach. They're coming to work. And so the people we attract are very committed.

Our main tertiary care campus in Ohio attracts the highest level of acuity care, meaning we get the sickest of the sick patients of any hospital in the US. That sort of meaningful challenge attracts professionals at the top of their game.

Are your medical schools a large source of your new physicians?
Not yet, but that's the direction we're headed. We talk about how healthcare's a team sport – we're putting together a medical school on our campus that's bringing doctors, nurses, physician's assistants, all together in one facility. We can begin to teach how to be team players right from the get-go rather than having everybody educated in hospitals and clinics after the fact.

And we're using some interesting new technology there: IBM's Watson will be part of this new school. Artificial intelligence is something we think is going to be a necessary part of the future of healthcare because there's simply too much knowledge out there for doctors to manage on their own.

Another thing we're bringing in there is augmented reality through our partnership with Microsoft and their HoloLens ["the world's first self-contained, holographic computer"]. We're going to be teaching anatomy without the use of a cadaver. Which will be amazing. We're hopeful that we can develop and scale these. Gross anatomy is the same every place in the world. And if you can teach anatomy via a program with HoloLens, you probably can scale it all over the world.

Who wouldn't do well at Cleveland Clinic?
For our doctors, we do what's called forced-ranking in their annual reviews. So we celebrate the top 10 percent and we manage the bottom 10 percent. These rankings are done by their

"Healthcare used to be an individual sport, but now it's too complicated for one person – the total amount of knowledge in healthcare doubles every 73 days"

DR DELOS COSGROVE

Dr Delos "Toby" Cosgrove is CEO and President of Cleveland Clinic, an $8 billion healthcare system. He joined the organization in 1975 as a cardiac surgeon. He was ranked No. 14 on *Fortune*'s 2016 "Businessperson of the Year" ranking.

peers. And the people in the bottom 10 percent generally don't get along here either because they just don't like it or they often have low emotional intelligence – they don't seem to get along well with their team, and aren't collaborative. And here, we're all about team play.

How unusual is it within the industry to have doctors on salary?

Very unusual. There are an increasing number of physicians who are salaried, but there aren't very many group practices where people are salaried. It's very unusual, if not non-existent, besides us, in medicine.

How did this model evolve?

It started very similar to the Mayo clinic, actually. Four gentlemen who fought together in France in World War I came back to Cleveland and pooled their resources and formed the Cleveland Clinic in 1921. They realized that they could do better working together than they could in their independent practices.

And the model was pretty much the same at that point. Everybody was salaried and fully employed. And they just kept plowing whatever additional resources the institution had back into the institution. And it has just continued to grow since.

When you talk about grading your physicians, is there an incentive for them to talk about preventative care?

Oh, absolutely. And I don't think you can talk about it unless you model that behavior. To give you an idea of how seriously we take this: we do not hire smokers. We do random drug testing. We've changed the food we sell in the cafeteria, and don't sell any sugary drinks.

We give out incentives for people to keep their weight under control. We manage disease in terms of hypertension, diabetes, asthma, smoking and obesity. And we give financial incentives for people to take care of themselves.

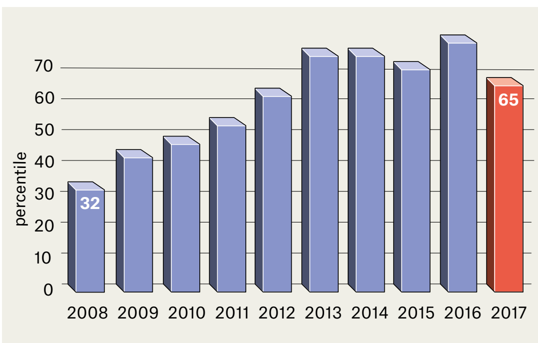
So we have rolled some of this out into the community. And again, we've seen measurable improvement. Incidents of smoking in our community have gone down from 25 percent to 15 percent.

A decade ago we appointed the first Chief Wellness Officer in a US hospital, to begin to drive the wellness for both our communities and to our caregivers. And we have seen the incidents of hospitalization, emergency room visits go down. The number of sick days go down. The cost for insurance goes down.

This has been over about 10 years that we've developed this, but, you know, we are still maniacal about this today.

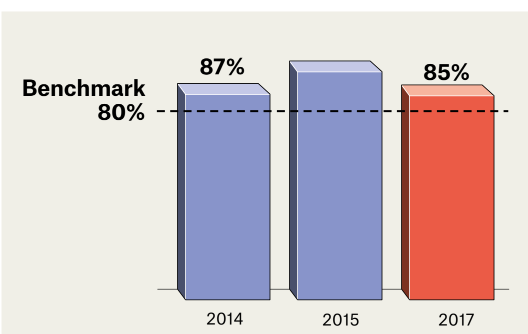
ANITA SCOTT is a Partner in Brunswick's London office, specializing in financial, corporate reputation and critical media issues. She also focuses on public affairs and advises on broader stakeholder issues.

PATIENT SATISFACTION



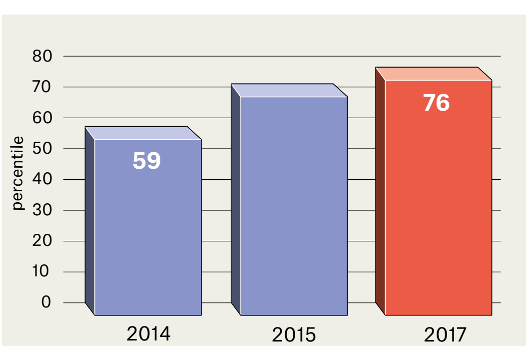
Patient satisfaction scores in the US, compiled by the government, are quite a mouthful: HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems). Since 2008, Cleveland Clinic has gone from the 32nd percentile to the 79th percentile, in 2016.

CAREGIVER SURVEY PARTICIPATION



In each of the past three internal surveys that Cleveland Clinic has conducted with Gallup, it's had participation rates of 85 percent or higher. In 2017, nearly 40,000 caregivers gave feedback.

CAREGIVER SURVEY ENGAGEMENT



One of the areas where Cleveland Clinic has seen sharpest improvement: caregiver engagement. Almost 20 percent more caregivers feel engaged in 2017 than they did in 2014.

Turn on the POWER

Cultural differences can drive greater efficiency and innovation, says **LI YINSHENG,** CEO of clean energy group CTG Brasil

China Three Gorges is a global leader in large-scale clean energy. Five of the 10 biggest hydropower installations in terms of capacity are ours, including the world's largest at the Three Gorges Dam in China. Altogether, we operate in 40 countries with a total capacity of 100 gigawatts.

Growing globally at that scale perhaps paradoxically requires an even greater attention to the treatment of individuals, mindful of differences in culture and respectful of the abilities and mindsets of local workers. This style of employee management has helped us in Brazil, where I serve as CEO of the group's CTG Brasil unit.

Over four years, we have grown to become Brazil's second-largest private energy generator, with an installed capacity of over 8 gigawatts, including 17 hydropower plants, 11 wind farms and one trading company.

Our move into the Brazilian market was based on a long-term view of the country's potential, gained from working closely with its engineers over many years. As part of our preparations for the 1993 construction of the Three Gorges plant, our engineers visited Brazil in the 1980s to learn from the professionals working at the Itaipu plant on the Paraná River, on the border of Paraguay. The visit proved a valuable exchange with the experts at Itaipu, the world's second-largest hydropower facility in installed capacity and the current No. 1 in power generation.

Since then, we have maintained ties in the country, preserving relationships that led to the founding of CTG Brasil in 2013. Today, the combination of Brazilian and Chinese expertise continues to provide us with an important competitive advantage. We see it as one of CTG Brasil's main differentiators.

Our success relies on the cultivation of a local workforce. Less than 3 percent of CTG Brasil's 760 employees are Chinese. Managing those employees requires a sensitivity to local cultural expectations and practices. The differences we find represent an opportunity to create a better operation, to extract the best of the Chinese and Brazilian cultures.

In 2016, CTG Brasil launched a culture integration initiative called "WE," that draws on authoritative international research. It began with workshops for about 100 employees from different levels, with activities themed around a variety of topics related to the cultural aspects of both countries. In ongoing discussion forums, lectures and case studies, employees work to find points of similarity that help us develop an ideal culture for CTG Brasil.

Besides simply enabling better internal communication, this cultural integration helps us streamline daily activities. To give just one example: we have recently begun a R$3 billion modernization project for the Ilha Solteira and Jupiá hydropower plants that enabled a deep knowledge exchange between Chinese and Brazilian engineers, and helped safeguard our operations in the future. The project included a partnership of 10 Chinese engineers, who have vast global experience in building and operating new, modern hydropower generation plants and who supported our Brazilian team with designing the final project.

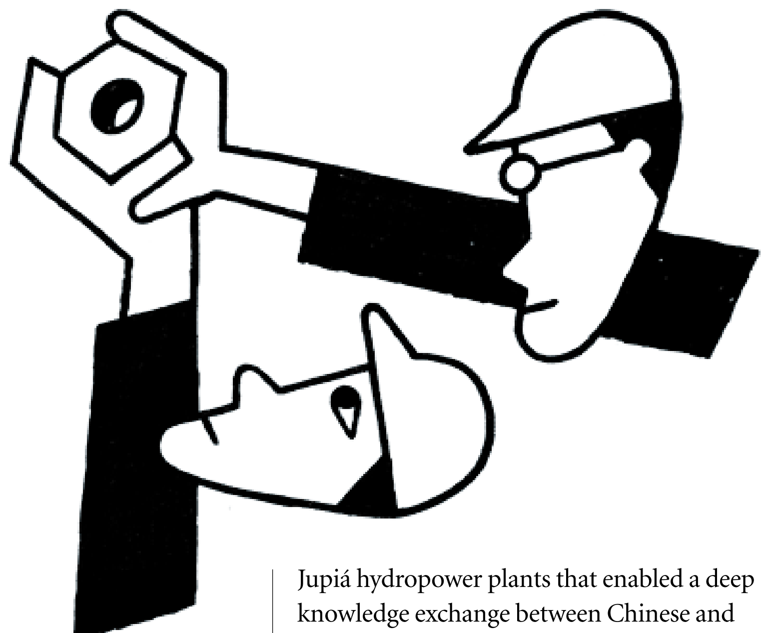


ILLUSTRATION: MIGUEL PORLAN

Our management of CTG Brasil has now become a reference for all companies in the CTG group. Executives from other CTG companies come to Brazil to get a look at how we do things.

But perhaps the biggest reward is the way CTG has been accepted in Brazil. By combining our differences, we are creating a strong, unique culture suited to Brazil and to the talents of both domestic and Chinese professionals.

Li Yinsheng spoke to **ROBERTA LIPPI**, a Director, and **ADRIANA PRADO,** an Associate. Both are based in Brunswick's São Paulo office.

LI YINSHENG

Starting his career as a civil engineer in water resources, Li Yinsheng is currently Executive Vice President of China Three Gorges International, CEO of CTG Brasil and Rio Paranapanema Energia (one of the companies of the Group CTG Brasil) and Chairman of Rio Paranapanema Energia's Board of Directors. He also sits on the boards of CTG's investment arms in Luxembourg, Portugal and Brazil.


THE WALL STREET JOURNAL

THE CHIEF

Brunswick's **KEVIN HELLIKER** profiles **PAUL STEIGER**, the most influential editor in modern America

PHOTOGRAPH: RAMIN TALAIE/BLOOMBERG VIA GETTY IMAGES

A MONG THE JOURNALISTS THAT PAUL E. Steiger oversaw as Managing Editor of *The Wall Street Journal* are the current Editors-in-Chief of CNBC, *USA Today* and Reuters. Other former protégés of Steiger now hold top positions at Time Inc., *The New York Times*, Bloomberg and *The Wall Street Journal*.

"Steiger's greatest legacy may be the people he developed," says Kyle Pope, Editor-in-Chief and Publisher of the *Columbia Journalism Review*. Pope, of course, used to work for Steiger (as did the author of this article).

The subsequent success of his protégés owes a lot to the body of work they compiled under Steiger, who left the *Journal* 10 years ago. During Steiger's 16-year reign as managing editor, his journalists won 16 Pulitzer Prizes. They also extended the paper's dominant coverage beyond finance and politics to technology, healthcare, the arts and more. Under his guidance, the company also launched WSJ.com, now the industry's premier subscription-based online news site.

The qualities that made Steiger so effective an editor are relevant for leaders in every industry, because who in the executive suite doesn't want to get the most and best out of his workforce? That challenge is particularly critical in the newspaper industry, whose product is created anew day after day, its quality utterly reliant on the performances of its reporters and editors.

"Now that I'm running a newsroom, I think a lot about how Paul did it," says Nik Deogun, Editor-in-Chief of CNBC and a former *WSJ* deputy managing editor under Steiger.

Insight into how Steiger inspired such excellence from his newsroom is offered here, from his former protégés, and from the editor himself. But first, a program note. The tradition of heaping honors on a retired mentor is noble, and potentially hyperbolic. It's easy to praise a player who's no longer in the game, no longer a source of power or competition. Even after you've surpassed a retired mentor, it's easy to hail him as your superior.

But let's be clear: no former protégé of Steiger's would profess, even privately, to have surpassed him. It's not just that next to Barney Kilgore, the long-ago creator of the *Journal's* distinctive voice and style, Steiger ranks as the most influential managing editor in the 128-year history of the paper.

It's that Steiger, upon leaving the *Journal* at age 65, didn't retire. Rather, he turned entrepreneur and launched ProPublica, an investigative news outfit that he decided wouldn't rely on advertising and subscription revenue. A nonprofit, it would subsist on charitable donations.

Good luck with that, right?

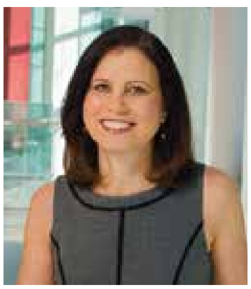
Ten years after its start, ProPublica boasts a list of donors that exceeds 26,000, up from a handful in 2007. This year, it will raise more than $23 million, more than twice what it raised annually in its early years. Calming fears about the decline of investigative journalism in America, ProPublica has exposed innumerable cases of corruption, injustice and mismanagement in government and business, in the process winning four Pulitzer Prizes.

Although retired from an active role at ProPublica, Steiger at age 75 remains a powerful role model for protégés now deep into their fifties and sixties. "If you look at the top editors of our time, Steiger is alone at the top in terms of his ability to develop talent and his dedication to the principles of journalism," says Marcus Brauchli, who succeeded Steiger as the *Journal's* managing editor before joining the *Washington Post* as executive editor.

Several virtues won mention in every interview about Steiger. He listened more than he talked. He invited dissent, and was willing to change his mind. He adhered to a management policy of public praise, private criticism. No matter how many others lost their cool during debates about important stories close to deadline, Steiger remained calm, never raising his voice. He somehow knew the strengths, weaknesses and biographies of the hundreds of journalists who worked for him – even if he sometimes struggled to remember names. ("I'm likelier to remember your alma mater than your first name," concedes Steiger.)

Steiger had an extraordinary depth and breadth of knowledge about economic, corporate, political and scientific topics. And he used it to ensure that *Journal* stories provided the context necessary to clarity and fairness. "He always demanded that we tell readers not only what we knew but what we didn't know," says Deogun, the CNBC Editor.

Steiger liked impact. He cared less about incremental developments in ongoing stories than about scoops and investigative masterpieces. All editors will say that they want big stories from their reporters, but few will provide the necessary time and resources. When Jeff Bailey, a reporter on the waste-disposal beat in Chicago, proposed an exposé on corruption in that industry, Steiger ordered him to drop all his other duties until he'd completed that investigation. "He said he didn't want to see my name in the paper until I'd finished it," recalls Bailey, now Editor-in-Chief of *UCLA Anderson Review*.



"Paul would quietly listen to all sides. Then he would tell us his decision. If anyone objected, he would repeat one of my favorite Steiger lines: 'This isn't a democracy'"

JOANNE LIPMAN
Editor-in-Chief
USA Today

LIPMAN For Joanne Lipman, Editor-in-Chief of *USA Today* and Chief Content Officer for its parent Gannett, Steiger brings to mind a quality not always associated with leaders: humility.

"Paul understood that the power resided with the institution. He didn't fall into the trap of thinking it was all about him," says Lipman. "He made sure none of us fell into that trap either. One of his favorite lines: '*The Wall Street Journal* was here long before we arrived, and it will be here long after we're gone.'"

"When we beat a competitor," she goes on, "he was adamant that he didn't want to see any of us gloating; instead, it should be a reminder to be even more vigilant so that this didn't happen to us."

He wasn't shy about playing the Boss card, she recalls. "Paul would quietly listen to all sides. Then he would tell us his decision. If anyone objected, he would repeat one of my favorite Steiger lines: 'This isn't a democracy.'"

When Lipman joined the *Journal* out of college in 1983, its newsroom was largely older and male. She sometimes struggled to be taken seriously. "But when Paul arrived, that all changed," she says. "He paid attention to the work, not the age or the gender or ethnicity."

BRAUCHLI Easygoing, optimistic and charitable in his estimation of others, Steiger was anything but intimidating, recalls Brauchli, the former top *WSJ* and *Washington Post* editor who is now Managing Partner of North Base Media.

"He was personally modest, and infinitely willing to share and distribute credit, even beyond the walls of the newsroom," says Brauchli. "He would find a reason to praise people on the business side for their work."

Across the newsroom, a competition flourished to make Steiger laugh, "to unleash the Steiger roar," says Brauchli. Desire also ran deep for Steiger's approval.

"Journalists have an insecure streak," says Brauchli. "Paul sought those people out. If they could impress him, show him they'd done something good, he was very generous with his praise. If you messed up, his criticism was never that sharp. It always came in the form of paternal disappointment."

In a business driven by passion, Brauchli says Steiger showed him the value of controlling it. "He taught me that your mood need not fluctuate in public. Even-temperedness is a very hard thing to maintain."

ADLER Steve Adler, now president and Editor-in-Chief at Reuters, was a top editor at the *Journal* when he received a competing offer, one that would have increased his pay but also the length of his already long workday. A short time after he told Steiger about the offer, the managing editor delivered Adler a handwritten note. At the time, Adler was the father of two preschoolers.

"Seeing more of your family counts a lot, particularly when your children are young," said Steiger's note to Adler. "This is a demanding place. But it cares about people's lives, particularly about their family needs. It's easy for others to say they have such care; the *Journal* has proven it." Adler turned down the competing offer.

MURRAY On September 11, 2001, Steiger was in his office when terrorists struck the World Trade Center across the street. Within moments, the *Journal's* headquarters office had to be evacuated. After walking dust-covered uptown, uncertain whether the *WSJ* would manage to produce a September 12 edition, Steiger retreated to a friend's apartment to coordinate *Journal* coverage across the world. By phone, he dispatched distinct teams of reporters to investigate the myriad threads of the still-unfolding tragedy. The edition that the *Journal* published that night wound up winning a Pulitzer Prize both for its quality and for the obstacles the paper overcame in getting it published.

Steiger leaned particularly heavily that day on Alan Murray, then chief of the *Journal's* undamaged Washington bureau. Today, Murray is Chief Content Officer for Time Inc.'s portfolio of magazines. "What makes Paul stand out as a manager is his unquestionable integrity," says Murray. "You always knew he was being straight with you. He never played games or had hidden agendas. And that example made us all feel compelled to act in the same way."

DEOGUN Under Steiger, the *Journal* published high-impact investigative stories about powerful people, companies, healthcare institutions and colleges – many of which tried cowing the paper.

What gave reporters the courage to pursue such stories, Deogun recalls, was the assurance that Steiger would stand behind them. When the chief executive of a company skewered in a *WSJ* investigative story visited the newsroom to complain, Steiger invited the authors of the piece and its editor – Deogun – into the meeting. After the journalists produced materials to support every sentence in the story, Deogun recalls, "Steiger told the CEO that he was sitting in the very chair where Dennis Kozlowski had sat only a few weeks before, complaining about a story on Tyco. When Steiger told him that, the CEO turned white."

Thanks in large part to evidence that the *Journal* uncovered, Kozlowski wound up serving a six-year prison sentence on a fraud conviction.

STEIGER After growing up on the East Coast, the son of an accountant, Steiger graduated from Yale in 1964 with an economics degree. His work as a *Journal* reporter in San Francisco won him an offer from the *Los Angeles Times*, where after a stint as a Washington economics writer he became business editor. In an early sign of his eye for talent, he hired a young business reporter named Marty Baron, now editor of the *Washington Post* and the former editor of the *Boston Globe*. Lured back to the *Journal* in 1983, Steiger rose to the top job nine years later.

In an interview, Steiger says that for all the talent he displayed as a writer and reporter, "after becoming the *LAT's* business editor, I found my top talent. It was for leading and managing. It didn't happen overnight. When I started, I tried to rewrite everything. That was an obvious mistake. It chewed up too much of my own time, and it demoralized the staff. Better to talk in advance about the potential in the reporting and express what I hoped we could get. Better to be smart about which journalist was in which job, so that we had a winner who didn't need much guidance. Better to have editing colleagues who could do such guiding as well as or better than I could."

Of course, success can nurture its own difficulties, and eventually there swirled beneath Steiger a plethora of talented editors competing to succeed him some day. It helped that his closest confidants, Barney Calame and Richard Tofel, the paper's standards editor and First Amendment attorney, didn't aspire to the top job.

Even so, Steiger says, "The challenge was not as great as one might think. The *WSJ* had a powerful, powerful culture of collaboration. There of course was some sniping and maneuvering. One time I had to sit two people down together and tell them that if the sniping didn't stop, I would fire them both. But that was rare. People genuinely liked and respected each other. There were passionate arguments but almost always out in the open, on issues of substance rather than personality, and people remained friends afterwards. Another thing that helped was that I worked hard to keep a wide age range among the key players, so there was less inclination for head butting between people at roughly the same ages in closely parallel jobs."

Steiger has replicated his *Journal* success at ProPublica, where he started out as Chief Executive and now serves as Executive Chairman. Tofel, ProPublica's President, says, "Everybody understands that this is a human capital business. Nobody ever took that more seriously than Paul did."

KEVIN HELLIKER is Editor-in-Chief of the Brunswick Review and a former Pulitzer Prize-winning journalist for *The Wall Street Journal*. He is based in New York.

"Now that I'm running a newsroom, I think a lot about how Paul did it"

NIK DEOGUN
Editor-in-Chief and Senior Vice President, CNBC Business News

PHOTOGRAPHS: MATTHIAS HANGST, GETTY

THE ENEMY WITHIN: Role of the Malicious Insider

Some of the most dangerous cybersecurity threats aren't outside your organization – they could be on your payroll, say Brunswick's **RIA THOMAS** and **WENDEL VERBEEK**

"I'VE BEEN PASSED OVER AGAIN?"

"What do you mean we are through? I've committed 25 years to this company."

"Do people know how little this company actually cares?"

Those questions and cybersecurity may appear to have little in common. Yet a sense of injustice, boredom, revenge and financial vulnerability, including in their personal lives, can lead a trusted employee to break his or her contractual bonds of loyalty, steal critical data or disrupt the operational functions of a business.

The rising penchant to share one's hopes and frustrations over social media can draw an employee into the sights of organized crime elements, spy agencies, hacktivists and even terrorist organizations. It's well known that an employee can inadvertently click on a link inside a would-be invader's email. Yet a growing concern is the individual who has access to his employer's network or critical data and bears a deep-seated desire to cause damage.

The malicious insider may be found not only among employees but also contractors, vendors and anyone else with access to a company's systems or data. The risk encompasses not only individuals currently engaged with the company but also those whose relationship with the company has ended, voluntarily or otherwise. According to the 2017 Insider Threat Spotlight Report produced by Information Security, a LinkedIn community of more than 300,000 cybersecurity professionals, malicious data breaches are seen as the third-largest insider threat, just behind inadvertent and negligent data breaches. The 2017 Report is based on a comprehensive survey of more than 500 cybersecurity experts across many industries.

It can be difficult, culturally, for companies to admit that the threat may lie within, not merely from a naïve employee but from a trusted team member determined to wreak disruption, damage and destruction.

What can be done to address or minimize this threat?

According to the 2017 Insider Threat Report, 74 percent of organizations feel vulnerable to insider threats, yet less than half of them have the appropriate controls in place to prevent an insider attack.

By controlling and managing access to data and systems, and by closely monitoring it, companies are hoping to gain early alerts to potential breaches. Careful monitoring may also assist in forensically mapping unauthorized access in the event of a major cyber attack.

Some employers have also begun to rely on technical oversight of their employees' behavior on company systems as well as social media platforms. These measures may include monitoring what an employee shares online about his or her employer or job. It may also involve automated reviews of what is emailed to addresses outside of the organization, and what is printed, by whom and in what quantity. Some may view this type of oversight as a violation of employee privacy; others may argue that expectations of privacy can blur at the edges of many confidentiality requirements placed on employees.

Regardless, employees need to understand what is expected of them. To earn loyalty and maintain open lines of communication, a company must be clear about employee responsibilities as well as what's at stake.

What do you do when it happens?

Let's say you learn that confidential customer or other sensitive internal data has walked out the door in the hands of a disgruntled employee. Or that an employee has changed critical information in systems that risks destroying IP or bringing systems to a halt.

Your response can have a greater impact on reputation than the incident itself. When a potential loss, manipulation or disruption is

ILLUSTRATION: DAVID PLUNKERT

discovered, your technical team must quickly identify the scope of the damage.

It is then critical to identify the internal stakeholders. Who needs to be notified? Who can help determine the operational, financial and reputational implications? You will want a coordinated effort from the Cyber/IT teams, Corporate Communications, Human Resources (HR), General Counsel, Corporate Security, Key Business Unit Leaders and possibly others.

HR, for example, can determine whether any previous issues or concerns ever arose with a particular employee. Also, how closely does that employee work with others in the business – could anyone else be implicated or aware? Has the suspected employee completed all required data security training, as well as any other compliance requirements?

Ultimately, you want to have a clear plan in place to communicate the matter to executive leadership, the board, other employees and external stakeholders, including customers, law enforcement, partners, media, regulators and the general public.

You want agreed-upon principles designed to help avoid a crisis that might affect revenue, valuation and your overall corporate reputation. You will need a process that helps you determine when and how to:

Acknowledge/Apologize At a senior level, show empathy and demonstrate how the company is prioritizing the issue.

Reassure Commit to transparency as you gain clarity on the issue, and offer resources to help affected stakeholders.

Learn Make commitments to improve systems, training and/or culture to protect customers, employees, shareholders, partners and the general public. Illustrate externally the steps you are taking.

It is difficult to predict what would trigger someone to turn on his or her employer. But having a detailed plan in place can help reassure your whole organization that you are taking the necessary preventative steps.

RIA THOMAS, a Partner, leads Brunswick's cyber offer for the UK and Europe. **WENDEL VERBEEK,** a Director, focuses on crisis preparedness, cybersecurity and privacy. Both are based in the firm's London office.

ILLUSTRATION: JEAN-FRANÇOIS MARTIN

SCENE 1: A large FTSE-listed company, headquartered in London, announces its new strategic plan to its employees. They have worked on the CEO's script for the global webinar diligently, practiced the likely Q&As and even primed some willing associates with the first few posted questions. A reasonably high percentage of the staff log on and it all seems to go well. Long-serving employees around the world start messaging each other about the announcements.

A couple days afterwards, a young recruit based in New York is asked what he'd thought of it. It takes him a minute. Finally, he says, "Oh, you mean that old guy in London talking on the video? Oh, it was really boring so I listened to a podcast while I

One size doesn't fit all

finished the project I was doing." Mmmm. Asked if he knew "that old guy" was the Global CEO, he responds with scant interest. "Yeah, I guess."

SCENE 2: The email update from the CEO goes out. It is copied as a post on the shiny new collaboration platform that the IT department is very excited about. It doesn't create a flurry of scathing reviews on Glassdoor. Everyone breathes a sigh of relief and moves on.

A follow up email isn't sent to those who didn't open the first one, or to those who opened it but didn't click on it.

The update message was the same to all parts of the world. It was the same to every job function, seniority and tenure group.

No one had segmented the employee base and identified their fears and desires before the communication was crafted; no one tested different subject lines or calls to actions when it was sent.

No one measured how it had landed, whether anyone paid any attention or bought into the next steps.

Why not?

It is self-evident that business leaders need the engagement of their workforces to succeed. It is a given that it is harder than ever to get employees to pay attention and engage in complex situations.

Recent research by **BRUNSWICK INSIGHT** asked employees what motivates them, what divides them, and most everything in between

And yet we rarely apply even the most basic marketing techniques that we use to engage with our customers to connect with our colleagues. We assume that one size fits all.

When Brunswick surveyed 42,956 adults in 26 markets in 25 languages, we found unsurprisingly that young and old think and feel differently. Post-Brexit and Trump, it also wasn't so astonishing to see that degree holders and those without a degree had radically different positions or that those living in megacities had completely opposing views to those living outside of them. In megacities, 61 percent of respondents thought that globalization was a good thing, while only 41 percent of those living outside of them did.

In emerging markets, 60 percent of respondents thought that globalization was a positive force, only 36 percent of those in developed markets did. Emerging-market respondents are sure that their children will be better off than they are, while those in developed markets are convinced their children will be worse off.

We know these things intuitively. And yet … Knowing how different employee segments view the world enables us to anticipate how they will react to certain changes and so, communicate appropriately. So why don't we?

Content creation and channel selection by audience segment is not just for external audiences. If we want our employees to respond during critical situations, we have to learn how to communicate with them effectively on a regular basis. It isn't as straightforward as young or old, degree or not, city or town, developed or emerging market, male or female. These criteria overlay, complicating any effort to predict perceptions.

A 30-to-49-year-old male in an emerging market, from a large city, with a college degree is overwhelmingly positive about the future of his children (with a 50 percent net positive score in response to the question will your children be better or worse off than you are). An 18-to-29-year-old woman, also with a college degree but from a developed market and a small town, is overwhelmingly negative (with a -13 percent score).

Living in a megacity had more impact on opinions than living in a specific market. That's worth keeping in mind if HQ is in a bustling metropolis and branch offices, plants or subsidiaries are not.

Maybe it is time we thought about our employees in the same way that we think about our customers. What makes them tick? What makes them act? What makes them recommend us? Maybe it is time we apply the same rigor to our segmentation, messaging and channel selection for our employees as we already do for our customers.

SUSANNA KEMPE is Brunswick's Content and Marketing Partner, based in London.

CORPORATE BIRTHDAY CARDS

IT'S DEBATABLE HOW much appreciation and engagement companies can engender by sending their workers birthday cards. But it can't hurt, and it costs a lot less than health insurance.

A 75-pack assortment of employee birthday cards costs $125 from Hallmark Cards, the Kansas City-based greeting cards giant.

A Brunswick Insight survey of 2,000 employees in the US and UK found that 40 percent receive birthday cards from their employers.

That percentage is slightly higher in the US than in the UK: 46 percent versus 35 percent. About 44 percent of all workers surveyed said that they had received a birthday card from one or more of their colleagues.

Considering that the majority of US workers are employed by small businesses, the most surprising – and depressing – result of the survey might be that nearly 40 percent of those surveyed received no birthday card either from their colleagues or their employers.

MOST EMPLOYEES DON'T WANT TO BE THE BOSS

CHIEF EXECUTIVES COULD be forgiven for thinking that everyone wants their job. The executives who work nearest them, after all, often do aspire to the corner office. Doesn't everybody want to be the boss?

Actually, no. A Brunswick Insight survey of employees around the world – 42,956 of them – found most of them had no interest in running the show.

The respondents were asked to identify which of seven factors they valued most in a job: pay, security, work-life balance, job enjoyment, status and authority, making a difference, or "doing something you personally enjoy." Of those items, the one that mattered least to them? Having status or authority.

How to explain that? It could be that the desire for status and authority is something that people harbor secretly, hiding it even from themselves (the survey was anonymous), because hunger for power isn't exactly hailed as a virtue.

It could also be that many in power never hungered for status or authority.

At a time when class divisions are upending elections, and when resentment against the so-called 1 percent remains palpable, status and authority may be all the more unfashionable in some circles. Certainly, many die-hard union members have always shunned any offers of promotions to management (although campaigns for elected union positions can be vicious).

It may be humbling for some top executives to learn that most employees don't want their job. This suggests, after all, that chief executives aren't necessarily their companies' smartest or most talented employees. Rather, they're the smartest and most talented employees who wanted, or anyway agreed to take, the job. But that also means, happily, that talent and brilliance may be found at every level of an organization.

Another interpretation of the survey finding is that rank-and-file workers recognize that status and authority often come with longer hours and possibly endless travel. At a time when top executives are posting online photographs of their visits to offices around the world, the homebodies among their workforce may feel anything but envy. After all, the item that respondents said matters most to them was work-life balance. In second place came job enjoyment. Pay ranked third.

What I personally VALUE most in a job

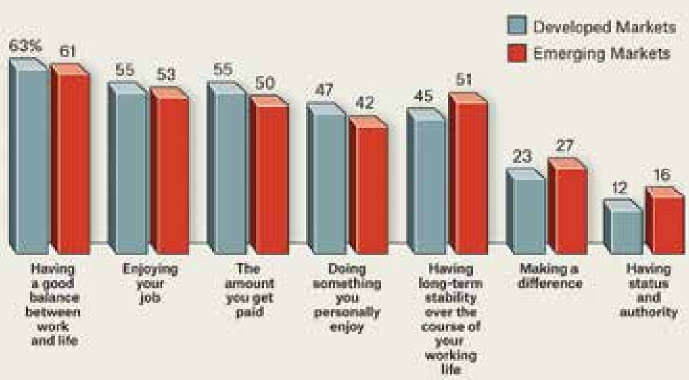


CHART: PETER HOEY/ ILLUSTRATION: ROBERT NUEBECKER

SWEET SIDE OF PET CARE

Mars' **ANDY PHAROAH** sits down with Brunswick's **BLAKE SONNENSHEIN** to discuss the family-owned business's recipe for an engaged workforce

MARS, ONE OF THE LARGEST PRIVATELY owned companies in the world, has long been known for two things: its chocolate – M&Ms, Mars bars, and Milky Way to name a few – and its privacy.

Mars wants to change both of those perceptions. It still makes chocolate, but now its pet care businesses contribute more than any other unit to Mars' annual $35 billion in sales. Mars, which has been involved in the pet care industry for almost 80 years, recently completed its acquisition of VCA animal hospitals, making it now the largest employer of veterinarians in the US.

To tell that story – that Mars is much more than a chocolate company – the business is embracing a more public profile.

"Candidly, five years ago, I wouldn't be doing this interview with you," says Andy Pharoah, Mars' Vice President of Corporate Affairs and Strategic Initiatives and one of 11 members on the firm's global leadership team. Being under the radar was once an advantage, allowing Mars to keep its recipes and plans under wraps. "But today, we know it matters what people think about our company," says Pharoah. "If you're going to recruit and retain the best talent, and successfully partner with others and build businesses – you need to tell your story."

And Mars has been. Among its most effective methods has been allowing its more than 100,000 associates around the world to help "demystify" the company. Between 2016 and 2017, Mars was listed on 30 different best-place-to-work rankings and lists – ranging from being voted the best place to start a career in Brazil to ranking No. 50 on *Fortune*'s top 100 places to work.

The rankings and recognition may be relatively new for Mars, but satisfied employees aren't. Among a few of the anecdotes reported about the business over the last 70 years: Mars paid above-market salaries – at one point, the company was said to even offer a 10 percent bonus for employees who were never late for work – and it was egalitarian. John F. Mars, one of the owners of the company, punched in at Mars' Virginia headquarters until he retired.

Pharoah has been with Mars for almost a decade, joining from Wrigley after it was acquired by Mars in 2008. In 2016 he took on the most senior communications role in the firm, and now describes his job as "helping Mars have the conversations it needs to have with the society in which it operates."

One of those more recent conversations is Mars' "Sustainable in a generation" plan, which CEO Grant Reid outlined in September 2017. The company will invest $1 billion over three years, even beyond its direct operations, to help tackle climate change, poverty in supply chains, and resource scarcity.

In a recent discussion, Pharoah spoke of how the century-old company is competing for new talent, how Mars handles being a maker of sweets in an increasingly health-conscious world, and how he became convinced his first manager at Mars was desperate to get rid of him.

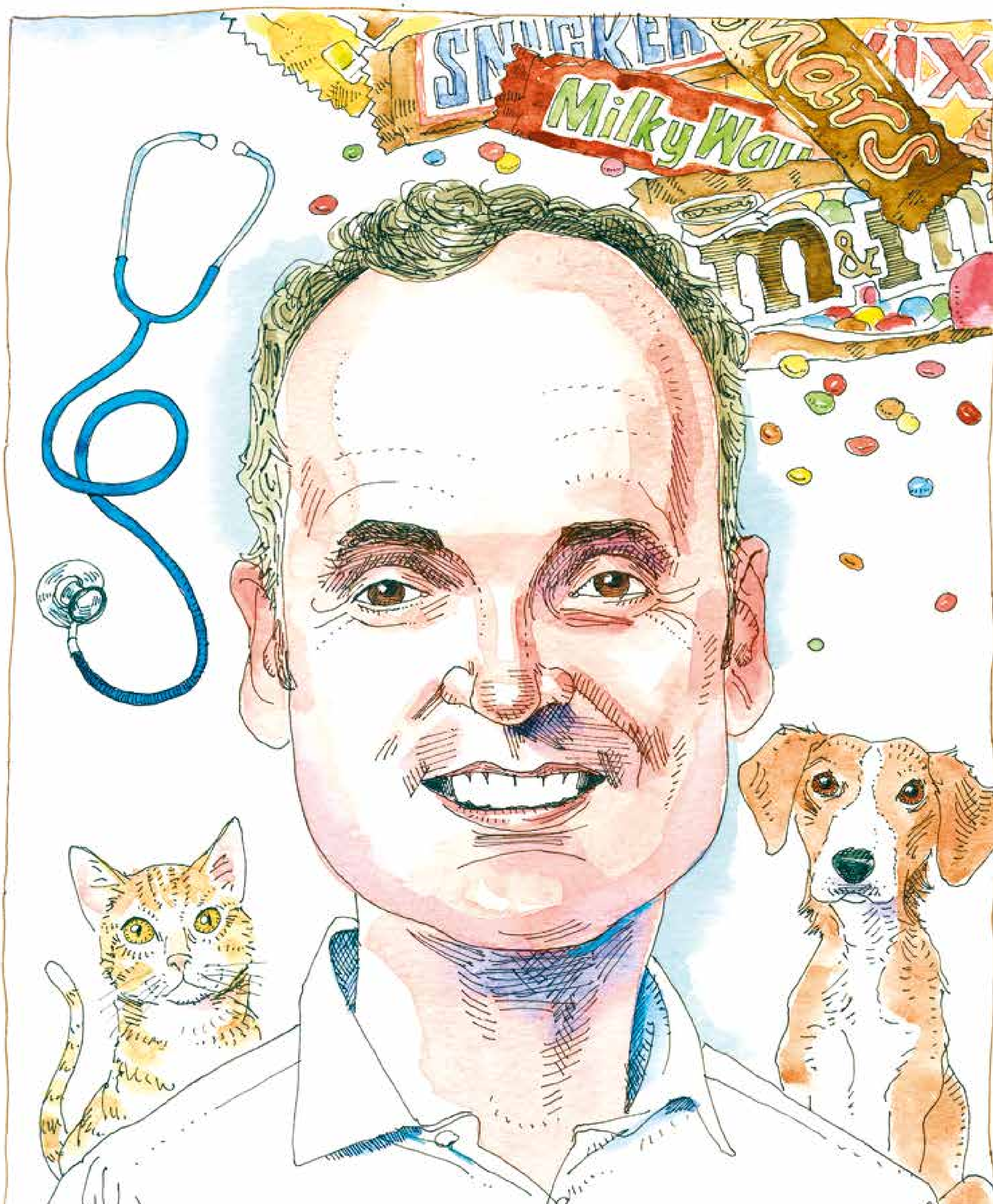


ILLUSTRATION: JOE CIARDIELLO

"The number of articles I've seen about Mars pet care where the image is a stock photograph of a chocolate product ... it still happens"

Mars flourished as a business without opening up to the outside world. Why change that now?
We've always believed in letting our brands do the talking. We're a branded-goods company; we want our brands to be famous. And thankfully, they are.

But we're in a world where everything is pretty much transparent. Our decision to talk or not talk about Mars doesn't determine whether there's information about us. It's out there already. And if we want to continue to grow, we need people – and people have choices.

We want to be known for the totality of what Mars is, not just what people instinctively go to. The number of articles I've seen about Mars pet care where the image is a stock photograph of a chocolate product ... it still happens.

We've taken steps to show the breadth of our business, the depth of the work we do and the difference we try to make in the world. Our assumption on external engagement has gone from being, "No, we don't want to do this," to, "What's a good reason why we shouldn't?"

One thing Mars has consistently talked about is its Five Principles.
There's always a danger that when you talk about your company, it sounds like you're in a cult. But Mars genuinely is unique. When I was a consultant, I worked with something like 70 different companies, and I never met one that was quite like Mars.

And it starts with the five principles you mentioned (quality, responsibility, efficiency, mutuality and freedom). You see them in every office. You hear them pretty much in every business conversation. As a company, we have relatively few rules, but we have very strong principles.

And those principles matter. They're how tough decisions are made. They deeply matter to our owners because those principles came from a spirit that was developed by Forrest Mars Sr. in 1947.

At one of our leadership summits, we had our general managers together with some Mars family members. And a manager asked for guidance on making some particularly difficult decisions. The response was: if you assess each business decision against our five principles, then 90 percent of the time, you're going get it right. And the important thing on the 10 percent of the time you get it wrong is that you learn from it.

Have those principles changed?
No, they haven't. And if you look at the first three (quality, responsibility, efficiency) you could probably see them in some form at most companies. In many ways, those are table stakes.

The others, mutuality and freedom, are I think what's unique about Mars. Forrest Mars Sr. wrote a letter in 1947 about the original purpose of the company and that's the actual the language he used: a "mutuality of benefits." In other words, creating a win-win for everyone: customers, employees, shareholders, suppliers and society. That letter was codified by his children into the five principles.

A lot of companies have guiding principles but struggle to know if they're actually living them. How does Mars try to answer that question?
The only way you live principles is through people. So we ask them directly. Every year, we work with Gallup for our associate assessment – that's 100,000 people across 78 countries. And we see response rates in the upper 90 percent range. And it really is a question we ask of everyone, even our senior leaders. Have I discussed the five principles with my team? Do I see decisions being made in my team around the five principles?

We have some good data to see how we're doing, how our leaders are doing, if we're getting better.

You say Mars is unlike any other company. Is there one example that captures that for you?
One of my favorite stories happened right when I joined after the merger with Wrigley. Mars had an industry-leading marketing code that said we don't target children under 12 years of age in our advertising. And I was given the job of implementing that across Wrigley's business. At that point, Wrigley didn't have a marketing code. And I thought it was going to be a hard sell, I would need to convince my business leaders. So I thought, "Aha, I'll go and talk to the people in Mars who implemented it."

So I asked them, "How did you manage to get everyone on board? What proof did you provide to get people's buy-in?" And they were sort of bewildered and said, "Oh no. We didn't do anything like that. We just decided it was the right thing to do."

Do you think being a family-owned, privately held company makes it easier to be considered one of the best places to work?
Plenty of private companies struggle to engage employees; plenty of public companies do it brilliantly – I don't think ownership structures determine how you perform.

But I do think being family-owned and privately held conveys some advantages. It changes your focus.

ANDY PHAROAH

Andy Pharoah is Vice President of Corporate Affairs and Strategic Initiatives at Mars, and one of 11 members on the firm's global leadership team. Previously, Pharoah worked in Wrigley's Corporate Affairs office, and was promoted to lead the department after the company was officially acquired by Mars.

BLAKE SONNENSHEIN is a Director in Brunswick's New York office. She specializes in both the consumer and private equity sectors.

The Mars family thinks in generational terms. Now, that doesn't mean it's OK if performance today is bad but could be good in 20 years. Performance now matters. But we do have the ability to ask, "What is the right thing to do?" and then do it. That's a luxury.

And while we examine our performance regularly, quarterly earnings don't drive our focus. We're able to make decisions without second-guessing them because we're worried about how the analyst community is going to react to them.

Are there any downsides?

Well, you could say that not having to report on a quarterly basis means that we have fewer opportunities to organically tell our story. Now, I'm sure there are many IR departments that are saying, "Oh my goodness; I wish we had your problem." But if you want to change your reputation, if you want to be better known, having four points on the calendar where you have to reach out is a tool to do that.

In the war for young talent, how does a big, century-old company compete with trendy startups or big-name tech companies?

Mars may not be a technology company, it may not be a startup – but it has technology companies, it has startups. We have Whistle (see "Old and New," right), which has been called "Fitbit for pets." We have dog DNA testing. So we've got technology-driven businesses.

We try to be upfront about what we are and what we aren't. Honestly, if your goal in life is a corner office, don't come to Mars because we don't have any offices. We're open plan. We've always been open plan – we think people work better when they're not divided by walls.

And what we offer people who want to lend us part of their working life is a very clear focus on development. There is a real opportunity to do things here. Because we believe that people are capable of expanding and growing, especially when they're not put in boxes. I've seen a lot of places where your career largely depends upon the first job you took when you got out of college. That's certainly not the case here.

Can you elaborate on that last part?

If managers don't take development of their teams and direct reports seriously, they won't last here. That part took me quite by surprise at first. After the Wrigley acquisition, I couldn't understand why my first manager at Mars, Poul Weihrauch, who is now the Global President of Petcare, spent so much time ensuring that my next role would be great. I was used to performance reviews that were much more, "In January I did this; in February I did this …"

But Poul kept talking about what my next role should look like – I thought he was trying to get rid of me. But I look at it now and realize, actually, that's what managers do here.

Employees and consumers felt quite differently about chocolate and sweets when Mars started than they do today. How have you adjusted to that?

Well, at its core, a world without chocolate would be dreadful [laughs]. Our associates know our chocolate brands bring joy to millions of consumers. But let's be clear: they're a treat. There's no hidden sugar in a pack of Skittles – it is sugar.

We're taking a strong leadership role on promoting responsible consumption. We were the first with our marketing code. We were one of the first to limit single portions to 250 calories.

We've done a number of things to provide consumers with information and choices, and to emphasize that if you eat chocolate and confectionery candy for breakfast, lunch and dinner, you've got a problem – but when you enjoy them responsibly, they can be a wonderful part of life.

THE OLD & THE NEW

INSPIRATION FOR THE ICONIC M&M candy supposedly came from the rations soldiers were given during the Spanish Civil War. Forrest Mars Sr., in Europe at the time making chocolate Mars bars, saw soldiers enjoying small, chocolate pellets covered with a sugar shell; the shell stopped the chocolate from melting in the heat.

When he returned to the US, Mars partnered with Bruce Murrie (the second "M"), to create and manufacture a similar treat. They were part of American soldiers' rations in World War II, and sold in cardboard tubes to the general public after the war ended. White "M"s were printed on the candy in 1954, the same year peanut M&Ms first appeared.

By 1956, they were the best-selling candy in the United States, and would even go on to become the most popular candy in space – since 1981, M&Ms have been included in rations for astronauts going to the International Space Station.

IN 2016, AMERICANS SPENT MORE on their pets than they did on childcare – $66.75 billion versus $47 billion, according to separate reports by the American Pet Products Association and IBISWorld.

That same year – 80 years after Mars first entered the petcare industry – Mars acquired Whistle (see photo below), a company that makes GPS devices that attach to a pet's collar. The latest model, Whistle 3, retails for $80 and allows owners to view their pets' location in real time through an app on their phone.

The device can sound more smartphone than pet accessory: it can connect to a cellular network and has an accelerometer – the sensor in your smartphone that knows when it's being tilted or turned – allowing owners to track and measure their pets' activity.

A dog (the canine model is referred to online as "Bark Twain") wears a Whistle 3 GPS device on its collar, which allows owners to monitor their pets' activity and movement on a smartphone. Mars, the world's largest petcare company, acquired Whistle in 2016 – more than eight decades after its first acquisition in the pet care industry, when it purchased a UK-based maker of canned dog food in 1935.

The GOOD

Allstate's **LISA ARONSON** tells Brunswick's **CHRISTOPHER HANNEGAN** and **KAYLAN NORMANDEAU** how the company engages its 35,000-plus employees

Allstate is an 86-year old property and casualty insurance company that defies the industry's staid and conservative image. When an Allstate commercial appears on television, viewers typically stay in their seats to watch the ludicrous and humorous "Mayhem." What may not be so clear to the public is that Allstate is similarly determined to engage and energize its 35,000-plus workforce. For Lisa Aronson, Director of Enterprise Communications at Allstate, it's all part of the company's commitment to put people first.

Allstate regularly lands on lists of the best places to work. All employees have access to health programs so that they can bring their best selves to the workplace while fulfilling a personal purpose. The average tenure of employees is nearly 12 years. As Aronson points out, "your customer experience is only as good as your employee experience."

There are several tenets that guide Allstate's mission to thrive into the 22nd century. Four of them explicitly concern employees:

1 Ensuring employee alignment from the outset. "People should work at Allstate because they feel like their personal purpose is so closely aligned with Allstate's purpose that Allstate becomes the canvas for them to do what they love to do," Aronson says. Energy for Life, a physical and mental well-being program that Chief Executive Tom Wilson brought back to the company from a leadership retreat, helps employees do just this. Employees who participate in the program can go through an exercise that guides them toward finding their personal purpose, helping them to assign meaning to the work that they do.

2 Empowering employees to communicate confidently. It is no secret that insurance customers are more than willing to air their grievances with the claims process. This, together with the industry's high levels of regulation, means that Allstate's enterprise communications team must make sure employees are well-versed in knowing if, when, and how to engage with customers and the general public. And as Aronson points out, they need to be doing this "all while inspiring pride and advocacy."

Allstate has found unexpected ways to keep their content engaging for employees. They now have their own in-house creative agency, Allstate Multimedia, with versatile, world-class production facilities producing video, photography, graphic/animation and live streaming content. Allstate's production studio handled over 500 projects in 2016 and is already well over that number in 2017 – projects that support more than 20 business units in the company that are focused on communicating company strategy, reputation and/or culture to internal and external audiences.

3 Enabling passionate brand ambassadors. Formalizing an "employee ambassador program" has been a way for Allstate to cultivate thousands of brand advocates. The Allstate Ambassador Program was born out of the recognition that reputation is the most valuable intangible asset that Allstate owns, and that employees are central to reinforcing positive perceptions of the company. It was launched in 2009 and now has a total of 7,750 participants – or over 20 percent of Allstate's overall workforce. Ambassadors, who all self-identify and self-register, receive updates on products and services on a regular basis and are tapped to help test or weigh-in on products ahead of time. The sneak peeks are an incentive for participation in the program and serve to get them up-to-speed on Allstate's latest offerings.

Allstate also builds employee advocates through social media sharing. Aronson and her team noticed that employees were holding back from talking about Allstate on social media because of the fear that their posts would breach regulatory lines. So, the Good to Know program was created to provide approved social media content that individuals can share via their personal social media accounts.

4 Attracting future talent. So how does Allstate combat the image of a staid, conservative insurance company and convince potential hires that they need to be a part of a company that is reinventing protection and retirement? As Aronson says, "it comes down to reinforcing who Allstate is and how we do things, not the products and services."

For example, you won't find titles or tenure stats in the testimonials Allstate uses in their recruiting videos. Instead, they focus on who the people are (for example, a "marketing diva and passionate volunteer," or, "tech guru and art collector") and why they feel connected to Allstate. This allows the company to take the spotlight off any type of hierarchy and keep the culture at the core of what they do and how they talk about themselves.

The company also accepts the realities of a changing workplace, especially when it comes to meeting Millennials' expectations. It has taken steps to allow flexible work schedules, and recently started going where the talent is, with an office in downtown Chicago in addition to its headquarters in suburban Northbrook, about 30 miles outside of the city. Allstate attracts employees of all ages, with a comparable number of Millennials to Generation X.

While these four points center explicitly on employees, two other tenets affect them implicitly. The first is that Tom Wilson leads by example. Wilson, says Aronson, is convinced that providing first-class service and products to customers begins with the premise that "everyone at Allstate is in it together." For him, it is more important for Allstate to focus on being a "force for good" than to focus on what they sell.

A final guiding principle involves holding leaders accountable. For employees, 50 percent of their performance is tied to Allstate's six Leadership Principles: we're here to serve, we win together, we drive results, we're transparent, we continuously get better and we develop each other.

Embedding the principles into performance review criteria means that the words championed by the company don't sit hidden in an intranet, but are rather talked about and taken seriously.

"There is no better way to get people aware of what the Leadership Principles are and the behaviors that are expected of them than to grade their paper on it," says Aronson.

CHRISTOPHER HANNEGAN, a Partner, leads Brunswick's global Employee Engagement offer. He is based in the firm's Chicago office. **KAYLAN NORMANDEAU** is an Associate with Brunswick Insight based in New York. Additional reporting by **TANYA ROSENBLUT,** an Account Director in New York.

LISA ARONSON

Lisa Aronson is Director of Enterprise Communication at Allstate, a position she has held since 2014. She was previously Senior Manager of Integrated Social Media and Culture in Allstate's Enterprise Communications team.

HANDS employer

PHOTOGRAPH: COURTESY OF ALLSTATE

The Allstate Multimedia agency produced more than 500 projects in 2016 for internal and external audiences.

EVERY COMPANY HAS A HISTORY. BUT NOT every company belongs in history books.

Union Pacific is the exception. The Omaha-based railroad, the largest in the US by revenue ($19.9 billion in 2016), was formed when President Abraham Lincoln signed the Pacific Railroad Act into law in 1862. Its mission – uniting the East Coast and the West Coast through the first transcontinental railroad – changed American history. Towns that were on its path thrived; many that were bypassed died.

The company's rails carried not just lumber, wheat and tools, but modernity itself. When Union Pacific was founded, the time of day varied in the many communities on its tracks. It was usually noon when the big clock on the town square said noon, regardless of what the big clock said in the next town over. Unable to coordinate arrivals, departures and employee schedules, the company led a coalition to standardize time throughout the country. In 1883, the railroads developed their own time zones, and Congress finally followed suit in 1918 by passing the Standard Time Act officially adopting their system.

The story of Union Pacific is not all glorious – no more than the history of America itself – but it is pervasive in any account of the post-Civil War era. Many of the earliest national parks, including Yellowstone, Zion and Bryce, had their legendary rustic lodges built by Union Pacific to encourage a new generation of middle-class domestic travelers.

Train BOUND for glory

Union Pacific's rich history continues to motivate and inspire employees and visitors today, says Brunswick's **MIKE FRANCE**

Today's "net neutrality" debates in digital industries closely echo the controversies governing the nation's original disruptive network – the rail system.

So what does a company do with such a legacy? Union Pacific celebrates it. To its 42,000 employees, the company's rich history is a source of pride, identity and inspiration. To walk through the halls of its airy, modern headquarters in Omaha is to imbibe railroad culture. Many employee offices are filled with vintage posters, model trains, beautiful coffee-table volumes or serious histories about the industry. Color photographs of trains forging through scenic desert and mountain landscapes line the walls. The company store in the lobby sells Steam Engine 4014 belt buckles, "heritage playing cards," and a 200-piece puzzle derived from the famous A.J. Russell image of the celebration following the driving of the last spike at Promontory Summit, Utah, May 10, 1869 to complete the first transcontinental railroad.

One of the company's many in-house historians is Scott D. Moore, the senior vice-president for Corporate Relations. Having previously served as Nebraska's elected secretary of state, and before that as a state senator, he now oversees the company's public affairs, communications and branding efforts. He has logged many hours speaking face-to-face with friends and foes who live alongside the company's network in 23 western states.

He has assigned people who work for him to read *The Octopus*, a canonical and critical 1901 novel that describes tensions between farmers and the railroads – a work that nobody would mistake for corporate

A.J. Russell took the famous image, left, of the 1869 "Golden Spike" ceremony at Promontory Summit, Utah, marking the completion of the first railroad to span the US.

Below, a young visitor examines an artifact in the Union Pacific Museum in Omaha. Children's tours are often guided by retired employees.

PHOTOGRAPHS: COURTESY OF UNION PACIFIC

PR. "I think we have to understand the history of the company to represent the company today," says Moore. "We have been through a journey together with many of these communities. When one of us walks into a room, it is Union Pacific walking into that room, and that has meaning."

Many Union Pacific employees have parents, grandparents and in some cases great-grandparents who worked there, and they feel an unusually close personal connection to the company. Kevin Durant is a seventh-generation Union Pacific employee – and a descendant of the legendary and controversial company founder Thomas C. Durant. He has a four-hour presentation that he often presents to incoming employees. "Even the newest employees here have the railroad pride," says Durant, who departed Union Pacific earlier this year.

About a 30-minute drive from headquarters, in a Beaux Arts building next to the town square in Council Bluffs, Iowa, is the Union Pacific Railroad Museum. Founded in 2003, it is a public-private partnership, with the city leasing the building to the company and the company paying for operating expenses. Exhibits document the hard life of Chinese workers breaking through the Sierra Nevada mountains, the Art Deco elegance of early 20th century luxury train travel, and the mixed glamour and hardship of law enforcers whose lives were the stuff of Hollywood Westerns. School children visit regularly, guided by retired employees, and exhibits frequently travel to national parks or historical societies in other states. Deep archives contain corporate documents, historic films and an extraordinary collection of more than 500,000 photographs, many of which record the story of the American West. The museum is now going through the considerable expense of digitizing them.

"The collection is really a history of the development of photography in America," says Patricia Labounty, the museum's collection manager.

The collection ranges from daguerreotypes to color photos and, along with the museum's other artifacts, traces a history that intertwines with and helps shape the evolution of the entire country.

MIKE FRANCE is a Partner in Brunswick's New York office. He is also a lawyer, and the former corporate editor for *BusinessWeek*.

Translating

Employee engagement and innovation are two sides of the same coin for business leaders around the globe. Brunswick's **KATRIN MEYER-SCHOENHERR** and **MAXIMILIAN WAGNER** in Germany and **DR LU JIANZHONG** in China talk specific strategies and examples

GERMANY

EFFECTIVE INTERNAL CORPORATE communications isn't about information – it's about mobilization of overall strategy. This has always been the case, but never has it been a more important point than it is now. Digitalization is making permeable the border between "inside" and "outside," increasing the number of touchpoints between organizations and the public. In this landscape, defined by gray areas more than bright lines, internal communications plays a powerful role in shaping organizational capabilities and outcomes.

Five hundred years ago, the German Bible empowered average citizens to play a greater role in the structure of the Christian church. That transformation inspired German society and Christianity as a whole and led the way for similar reinvention across Europe.

Today Twitter and other digital communication platforms are creating similar upheaval, empowering each individual to play a greater role in every organization. For businesses, the words and actions of leadership are not enough. Every employee is now a brand ambassador.

This is double-edged. A rogue employee on social media can jeopardize a company's reputation. But employees who are engaged and motivated by a company's mission and values can supercharge reputations and profits.

The simple one-way or even two-way communication patterns between leaders and stakeholders are no longer as useful as they once were. Given the nature and pace of our globalized economy, loose networks are more agile and effective than traditional hierarchies. The art of leadership is quickly being redefined as the continual orchestration of those ever-changing communication networks.

Two qualitative studies among German DAX 30 companies and Germany's "hidden champions" (market-leading SMEs), based on in-depth interviews with their leaders and the heads of communications, illustrate strong interdependencies between internal communications and the transformational capabilities of organizations. The first is from Ludwig-Maximilians University (LMU) in Munich, which explains the behaviors companies should aim for to transform themselves. Building

CHINA

FOR MANY CORPORATIONS IN THE US and Europe, employee engagement has moved from the sidelines to become a core structural concern. However, in China, the concept is still relatively new. A recent global survey by Steelcase and IPSOS found that only 33 percent of Chinese employees feel engaged in their current professional roles; 41 percent feel neither engaged nor disengaged. As China shifts from manufacturing to a consumer- and innovation-driven economy, that ambivalence becomes more of an obstacle and worker engagement plays a more crucial role.

Millennials are helping to drive this growing consciousness. A recent Brunswick Insight survey found Chinese companies still typically place more value on compensation than job satisfaction or enjoyment. However, employees aged 18 to 29 are more interested in enjoying what they do and less concerned about long-term stability or status. Keeping these employees engaged and motivated requires a special effort that includes communicating a clear sense of mission and responsibility to society as well as cultivating a supportive work environment.

Several companies are leading this trend. Since its founding in 1999 in Jack Ma's living room, Alibaba has evolved from a start-up with 18 people to a global e-commerce giant with over 50,000 – in large part due to its corporate culture. Rather than following a traditional hierarchical ownership and leadership structure, Alibaba maintains an open, entrepreneurial and collaborative environment reminiscent of the company's humble beginnings.

"Aliway," the company's internal communications platform, allows employees at all levels and across on this research, a second study by Brunswick Insight finds the best practices for internal communications to support those capabilities.

The LMU study identified six categories needed for effective transformation: holistic thinking, ethical conduct, democratic understanding, paradoxical thinking, interaction competence and agility. The subsequent Brunswick Insight study shows what internal communications can do to contribute significantly to these capabilities.

Holistic Thinking Create an understanding of complex interdependencies.

Ethical Conduct Align corporate purpose and values with behavior.

Democratic Understanding Embrace controversial opinions.

Paradoxical Thinking Allow the freedom for new approaches rather than enforce strict guidelines.

Interaction Competence Pursue a network orientation for a free flow of ideas and feedback.

Agility Establish flexible structures and horizontal leadership.

These goals also demand the involvement of the business leaders themselves. We see the following practices as success factors for an organization, supported by internal communications:

Outside-In Unite the messages and goals of external and internal comms.

Top-Down Have a clear set of objectives, transparent to all stakeholders.

Bottom-Up Facilitate an enterprise-wide discussion of and agreement on corporate values.

Walk the Talk Unify the message across all media and ensure company behavior demonstrates that.

Benefit from Conflict Don't shy away from controversy. Explain your motives and be clear about the trade-offs necessary in addressing all stakeholder demands.

Enable Empower managers to employ broader goals in communications channels, rather than simply providing information.

Emphasize Digital Platforms A thoughtful use of a variety of available media can benefit these goals.

These factors force an organizational learning that is future-oriented. They are challenging, but without strong leadership principles and clear directives, organizations pursuing transformation are at risk of getting overstretched. To survive, businesses must be prepared to learn to live – and to thrive – in a climate full of ambiguities.

For businesses, the words and actions of leadership are not enough. Every employee is now a brand ambassador

MAXIMILIAN WAGNER is an Account Director and **KATRIN MEYER-SCHOENHERR** is a Partner in Brunswick's Munich office.

transformation

departments to discuss projects and products. This provides valuable feedback before launching services and products externally and helps bring employees on board as supporters. Ma himself uses Aliway regularly to gauge employee response to a wide variety of internal issues and business topics.

Since October 2011, a series of programs have given employees access to personal loans, often difficult to secure from the nation's banks. According to the company's internal data, by April 2014, a total of 3,852 employees were provided with over RMB 150 million ($22.6 million) in loans. Financial assistance programs, the "iHope Rainbow Plan" and "iHelp Dandelion Plan," provide company aid to employees encountering substantial hardship.

The Suning Commerce Group, one of the largest household appliance retailers and e-commerce platforms in China, also operates flagship employee assistance programs to help with common financial challenges. Its housing loan program seeks to provide 500,000 housing loans for employees – approximately RMB 600 million.

Suning also helps those who deliver its products; the company established resting stations where couriers can enjoy meals and free water in between stops. In 2017, company President Hou Enlong launched an annual festival celebrating the hard work and dedication of delivery industry workers.

Many other Chinese companies will need to follow the lead of Alibaba and Suning to attract and retain an increasing Millennial workforce motivated by values and a sense of purpose. Financial incentives alone can no longer hope to ensure top talent – companies must demonstrate their commitment to employees, and the broader roles they play in advancing positive changes in society.

DR LU JIANZHONG is a former Partner in Brunswick's Shanghai office.

ABOVE, a graphic Sprinklr uses to explain what it does: help companies coordinate and engage on Facebook, Twitter, LinkedIn – and 22 other social channels – through one platform. Headquartered in New York City, the company was valued at $1.8 billion last year.

The social media DASHBOARD

Brunswick's **JANELLE NOWAK** writes of her recent conversation with **RAGY THOMAS,** CEO of tech unicorn Sprinklr

"DO YOU KNOW YOUR ATM PASSWORD?" Ragy Thomas, the CEO and Founder of Sprinklr, asks me, about two minutes into our phone interview.

"Um … no, I … I don't think so," I stuttered. ATM password? It's probably been six months since I visited a bank branch. Do I have a debit card? I honestly have no idea. Venmo? Sure. PayPal? Of course. By contrast, using an ATM card feels like waiting to see your pictures until they're developed. It's 2017.

"Imagine I write '9-5-5-9' on a chalkboard in front of you," Thomas says to me. "Then I ask you to guess what it is. My ATM code?" At this point, I think maybe I've dialed into the wrong conference call.

So I say: "Is that your address?"

"This, Janelle, is how I think about life. A concept I call 'Integrated Living.'" Thomas goes on to explain what he means. The modern life is often divided between 9am-5pm (work) and 5-9pm (personal). 9-5-5-9 code is meant to make those divisions go away. When work and family and play all bear the same root – passion, or let's call it purpose – then there's no turning off any of them.

Valued at $1.8 billion, Sprinklr provides an enterprise software platform that is used by more than 1,200 large brands to manage social marketing, advertising, research, care and commerce across 25 social platforms including Facebook, Twitter, Instagram and WeChat. Founded in 2009, Sprinklr now employs more than 1,500 in 20 offices around the world. Still private, it has grown explosively while accepting only about $230 million from six carefully chosen investors. Thomas, a 44-year-old native of India, obtained an MBA from NYU-Stern and his undergrad degree in computer science from Pondicherry University in India.

Sprinklr's value became apparent to me when I managed a team of social media managers at Capital One. Our job was to build strategy and create content to support our business partners across the entire company. Subsequently, we'd promote and publish social media content from those strategies across our corporate social media channels. Without Sprinklr, our jobs would have taken exponentially longer. For example, think about the way you log into your Facebook page: username and password – a two-step authentication. Now imagine doing that on multiple channels, from multiple associates, in multiple locations, each requiring a different password. Sprinklr consolidated that process while heightening Capital One's security and making it easy to post exactly when and where we wanted, targeting the right audiences.

Thomas sees no end to growing demand for social media and customer experience management. "The sad reality is that these [social media] channels are going to proliferate. One channel as the end game is really not going to happen."

In Sprinklr's early stages, Thomas acknowledges that work-life balance was tough. In a highly competitive technology market, the goal was to build something faster, stronger, bigger than any potential competitor.

As the father of two children, Thomas knew working 24/7 wasn't sustainable. To explain his solution, Thomas uses a parenting metaphor: when you have a second child, you are never confused about how to spend your time. You balance it between both of them. You know that each person's life is valuable and you have to spend your time wisely.

"At Sprinklr, it's not about how many hours you put in a day. We look for employees that have passion for this company – for one another, for their role and for the product. We hope employees take pride in their work, and we give employees plenty of reasons to come in every morning; if you don't, the good ones will stop coming."

JANELLE NOWAK, an Associate, is part of Brunswick's Digital core specialist offer. She is based in the firm's Washington, DC office.

WIDE ANGLE

ON TIME 99.9% of the time

Brunswick's KARIN WONG and SUNITHA CHALAM speak with LINCOLN LEONG, CEO of Hong Kong-based MTR, who leads arguably the world's most efficient – and profitable – metro system

A train runs along MTR's South Island Line, which connects Hong Kong's Southern Island to its Central Business District. Indicative of the long-term planning that goes into an MTR railway line, the South Island route was first proposed in 2002, construction began in 2011, and the 4.6 mile (7.4 km) line fully opened in late 2016.

Looking out of a window from MTR's headquarters, Lincoln Leong points across Hong Kong Harbor to the West Kowloon Cultural District, the city's arts and culture hub, to a spot where tall construction cranes appear miniature. "Underneath there is 4 million square feet of underground high-speed rail station," Leong says, referring to a space nearly double the size of the Louvre in Paris, the world's largest museum.

In a little more than a year, when the underground station is complete, Leong tells us that travelers will be able to get from Hong Kong to Guangzhou by train in 48 minutes – a trip that takes two hours today. They'll be able to reach Shanghai in 8 hours, Beijing in 10 – the first such high-speed rail routes between the cities.

Consider the two new rail lines MTR is building in Hong Kong – having completed three new lines recently – and factor in the train services the company operates in Sweden, Australia, mainland China and the UK, and it's safe to say that under Leong's leadership, MTR is, pardon the pun, moving full steam ahead.

Yet, with so many big projects under way, when we asked Leong about his main concern, he said "people" with little hesitation. "For us, and for many companies, the challenge is: how do you get the equation right? ... How do you keep that common set of values, common culture, as the company grows? How do you bring enough people in with the right skillset? How do you succession plan?"

"Competition" is also near the top of Leong's list. "But not just our competitors today, or our industry today – both may look very different in 20 years' time. It's also what's happening globally, the disruptive innovation and technology; how do we use them so we don't get left behind?"

Artificial intelligence might help transform the way MTR maintains its fleet of trains – instead of fixing trains according to a set schedule, algorithms might help predict breakdowns before they happen.

But technology perhaps poses MTR's most serious long-term threat, according to Leong. As virtual reality technology improves and becomes more readily available, Leong says it might reduce the need for people to travel to and from the office.

As it has been for years, the MTR-run metro system in Hong Kong is widely considered one of the world's best. Its trains run on schedule 99.9 percent of the time – a figure Leong admits will be difficult to improve. Stations are clean, train cars air-conditioned, fares low. According to TripAdvisor, visitors are more impressed with Hong Kong's train system than its skyline – MTR has received thousands of more "excellent" ratings than the

city's second-most popular attraction.

Perhaps most impressive to city planners and shareholders (MTR is majority-owned by the Hong Kong government, but also publicly traded on the Hong Kong Exchange): MTR posted a net profit of $1.3 billion in 2016, and over the last decade hasn't had a net profit below $1.2 billion.

The secret behind MTR's profitability is a unique "R+P" business model, short for "rail plus property." The "rail" portion is mostly train fares. The "property" aspect, more lucrative of the two, comes from the land MTR purchases from the Hong Kong government, upon which it builds train lines and develops both commercial and residential real estate. This is especially valuable in land-scarce Hong Kong – in an exceptional case, a regular-sized parking spot in a luxury condominium sold for more than $660,000 in 2017. MTR owns more than 13 shopping centers and manages 96,000 residential apartments (with another 18,000 apartments being built over the next five years).

Leong believes MTR's "R+P" model will soon enjoy a demographic tailwind: according to UN projections, two out of every three people will live in cities by 2050, driving significant demand for urban infrastructure such as public transportation, as well as commercial and residential real estate – all of which MTR has shown it can build and operate, profitably and efficiently, in Hong Kong.

Now it's looking to do so globally. Of the 12 million passengers MTR moves worldwide each day, slightly less than half are in Hong Kong; more than half of the company's employees are based outside of the city. Leong says MTR's journey "started off as a local Hong Kong company, became more of an international company, and now we're migrating from international to multinational."

The two other trends on Leong's radar: in Hong Kong, MTR's customers are getting older, while its workforce is getting younger. Hong Kong's latest census found a record-high 16 percent of the population was 65 years or older; and according to Leong, more than one out of every three MTR employees are Millennials.

The implications? MTR's train stations, which are designed to last at least a half-century, have to be built with elderly populations and longer lifespans in mind. This affects everything from a station's layout to its signage. More Millennials in the workforce hasn't really altered MTR's day-to-day operations, Leong says, but he has noticed a change in employee motivation. "It's not just about the job's salary or the recognition it brings – it's about what good is my job doing, my company doing, for society?"

Those are questions MTR feels confident answering. Its buses and trains – along with public transportation more generally – help lower greenhouse gas emissions. MTR has also begun industry-leading initiatives, including issuing $600 million in green bonds to help finance, in part, more environmentally friendly trains and vehicles. And it has transformed its stations into community hubs, bringing in local art and performers. Connecting people in both a literal and cultural sense is "the soft side of building communities," Leong says.

MTR was one of 50 companies listed on *Fortune*'s most recent "Change the World" list, a ranking determined by a company's "measurable social impact, business results, and degree of innovation." The only other transportation services company listed was JetBlue, a US airline.

As we neared the end of our interview, we asked Leong, who's responsible for a company with a market cap of $34 billion and more than 27,000 employees, about the kind of issues that keep him up at night. Before answering, Leong said, "You mean apart from my son?"

MTR helped develop the International Commerce Centre (above, middle). Completed in 2010, the 108-story skyscraper was then the fourth-tallest building in the world. Now it is the 10th tallest – but still No. 1 in Hong Kong.

KARIN WONG, a Partner, specializes in crisis, M&A activities and IPOs. **SUNITHA CHALAM**, a Director, is a government relations and public affairs specialist. Both are based in Hong Kong.

PHOTOGRAPHS: COURTESY OF MTR

ART OF AFRICA

THE STANDARD BANK CORPORATE ART COLLECTION is one of South Africa's most significant corporate assemblages with over 1,200 pieces of work mostly by local artists, such as that shown above. The collection itself is a statement of the importance of art in shaping our understanding of ourselves as a society and as individuals. In South Africa in particular, the arts are a powerful expression of our creativity, and play an integral part in generating a positive narrative with a global impact.

The bank's mandate supports a wide range of initiatives that both nurture young talent and showcase this rich diversity through programs that include the National Arts Festival, Standard Bank Jazz, Standard Bank Young Artist Awards and Standard Bank African Art Collection at the University of Witwatersrand in Johannesburg.

DIANA MUNRO is a Partner in Brunswick's Johannesburg office, advising corporations on transactions, investor relations and issues management.

Steven Cohen, Untitled (c. 1985)

A native of Johannesburg and a resident of Lille, France, Cohen is a visual and performance artist whose work is exhibited in collections around the world. In the above hand-colored silkscreen print, the image of a girl, resembling depictions of Lewis Carroll's *Alice in Wonderland* character, is set against a backdrop that could be seen to represent old Apartheid South Africa.

ARTWORK: COURTESY OF STANDARD BANK

SOUTH AFRICA'S Man of Many Hats

Business leader and fedora aficionado **JABU MABUZA** speaks candidly with Brunswick's **MARINA BIDOLI** and **MIYELANI SHIKWAMBANA.** The country's government and businesses both need to do better, he says

WEARING ONE OF HIS TRADEMARK HATS, Jabu Mabuza strides into the boardroom carrying a tray of coffees. "I have worked long enough in the hospitality industry to know how to do this," he declares.

Some titans of industry might not want to be seen serving beverages. But Mabuza, who began his career as a taxi driver, isn't afraid of being mistaken for the rank and file. Nor does he find anything objectionable about the idea of service. At 59, he devotes most of his time to serving as the voice of business, dedicated to improving the investment climate in a nation with 28 percent unemployment (68 percent among youth), a nation of extreme inequality that is particularly hard on black people.

In his leadership roles at Business Leadership South Africa and Business Unity South Africa, Mabuza sells "SA Inc." at the World Economic Forum and other global investor gatherings. It's a cause in which he firmly believes. "Our problems are not insurmountable. There is nothing wrong with our country other than its current leaders. We have a good landscape, beautiful climate, beautiful weather and lovely people who are resilient and passionate," says Mabuza.

His rise to the top convinced Mabuza that leadership should be earned, continually, and he is not shy about calling out those he believes are falling short. When South African President Jacob Zuma sacked two respected finance ministers, as well as a deputy finance minister, within a space of 15 months, Mabuza openly expressed his disapproval, noting that political infighting had sapped confidence in the country, scared away investment and resulted in a downgrading of the country's credit rating.

His license to speak truth to power is derived from a 30-year history of building trust across the public and private sectors. As the head of the CEO Initiative, a group of around 80 CEOs who engage with government at its highest levels, he struggles against practices that benefit politicians and corrupt business associates, rather than the country as a whole.

"Government ministers know that when Jabu criticizes them, he is not against them," says Mabuza. "I'm not about regime change. I am clear that it's not business's place to choose political parties, let alone their leaders. That's a right that citizens express freely and fairly during elections. My role is to point out what's needed for businesses to invest; to have confidence in the economy."

Mabuza's criticisms of government carry such weight, in part, because he also admonishes business, which he says needs to upend the racially skewed marketplace and pursue more inclusive economic growth. "Business whines a lot, 'Your part of the boat is leaking.' But we are all in the same boat. We must take joint responsibility, have frank discussions, but also do our part to provide proposals and solutions," he says.

Mabuza ranks as one of South Africa's most accomplished executives. Previously he held top

ILLUSTRATION: PEP MONTSERRAT

executive positions at JSE-listed hospitality Tsogo Sun and Southern Sun Gaming. He currently chairs the Africa board of the recently merged AB InBev-SABMiller. He is also chairman of telecommunications operator Telkom, where he oversaw a dramatic turnaround in the fortunes of the partly state-owned company.

Yet Mabuza is also an advocate for the little guy. As president of Business Unity South Africa, he has gone a long way toward working with labor unions on the development of a minimum wage.

In 2012, when the government asked Mabuza to take over the 40-percent state-owned Telkom, "I knew nothing about telecoms," he says. But he knew that reversing declines at the troubled company would require strong governance and independence to limit the cronyism that has permeated other state-owned companies.

"I requested two things: that the President allow me to constitute my own board and that he allow the board to appoint its own chief executive, who in turn appoints his own competent and professional executives." Telkom has been lauded as the blueprint for successful public-private partnerships. Not reliant on the state for funding, Telkom's financial performance has been reflected in the sharply rising share price – which increased from a low of 11 rand ($0.79) to around 60 rand today – as well as larger dividends for its shareholders.

Mabuza grew up in a poor rural family and drove a taxi from a young age. Having started a law degree, he was forced to drop out of university due to a lack of money. The repressive Apartheid regime's crackdown on student activists also prompted his move to the safety of an administrative job in local government. Throughout, he kept driving a taxi, sacrificing sleep in his effort to get ahead. By the mid 1980s, at the height of Apartheid, Mabuza had saved enough to buy his own taxi. His entrepreneurial acumen caught the eye of the South African Black Taxi Association (SABTA), which brought him into its leadership.

"These older taxi drivers said, 'Here's a man that can minute our meetings, interpret when we talk business, who speaks English,'" says Mabuza.

A problem at the time was accessing finance. The banks regarded the black taxi sector as high risk. Yet they were the largest consumer of automotive products outside of government and had considerable bargaining power. Mabuza devised new ways to use that power. Frustrated with the obstacles facing black business owners seeking credit, he helped found Future Bank in 1991, and became its founding Chairman.

Proving that his negotiating prowess extended beyond the borders of South Africa, Mabuza persuaded Japanese auto makers to increase the braking capacity of so-called *kombi* buses that became popular among his fellow taxi drivers. "With no disrespect, 10 African people in a kombi have a different weight component to 10 Japanese people in a kombi," Mabuza says. "We had to go to Japan and sit with Nissan and tell them to produce braking capacity according to weight and not the number of people. And they did that for us, which is why you only find these vehicles here."

To circumvent laws that discriminated against black business owners, Mabuza helped create an association for small and semi-formal businesses called the Foundation of African Business and Consumer Services. With Mabuza as founding CEO of FABCOS, it soon had a million members operating taverns, cleaning services and restaurants. It remains a powerful force today.

These accomplishments caught the eye of Meyer Kahn, then Chairman of SA Breweries, who in 1993 told Mabuza, "You belong here." Explaining that SAB "hired for attitude and trained for skills," Kahn gave Mabuza the newly created role of Group Advancement Manager. From there his executive career soared.

Throughout his career, Mabuza has proven adept at reconciling opposing parties for the greater common good. Despite their shock and frustration at the Cabinet reshuffle of March 2017, when five cabinet ministers were unexpectedly fired, the CEO Initiative under Mabuza's leadership is still working with government toward the development of a scheme that would take one million poor young people through corporate internship programs.

As he recently told a group of young business leaders: "If the companies we lead don't make an active contribution to inclusive economic growth, we're going to find ourselves in a very unsustainable situation indeed. Business must be a valuable member of the communities in which it operates – and of society in general. That's the real bottom line."

"Business whines a lot, 'Your part of the boat is leaking.' But we are all in the same boat. We must take joint responsibility, have frank discussions, but also do our part to provide proposals and solutions"

JABU MABUZA

Jabu Mabuza is the Chairman of Telkom South Africa Limited. He also chairs Business Leadership South Africa, Business Unity South Africa, and the Africa board of AB InBev-SABMiller. He also heads the CEO Initiative.

MARINA BIDOLI, a Partner, specializes in cross-border crisis work and corporate transactions. She was formerly an award-winning journalist and editor at the *Financial Mail*. **MIYELANI SHIKWAMBANA** is an Associate. Both are based in Brunswick's Johannesburg office.

Shifting RIGHT overnight

On September 2, 1967, Swedes drove on the left side of the road, as always. The next morning, they switched sides. **PHIL MORLEY** from MerchantCantos reports

A FEW MONTHS BACK I BECAME INTRIGUED by the escalators at Holborn tube station in London. London Underground, in an effort to improve efficiency, was having a terrible time persuading commuters to stand on both sides of the escalator, altering the lifelong habit of standing on one side to let people pass.

That prompted me to research other significant change-management operations, and it turns out that this autumn represents the 50th anniversary of a classic example: the day that Sweden switched from left- to right-hand driving.

Sweden had been a left-hand drive culture since about 1736. (Yes, traffic laws governed horse riders too.) However, its neighbors, including Norway, Denmark and Finland, drove on the right. In defiance of the opposite-steering-wheel rule, about 90 percent of Swedes drove left-hand drive vehicles (due to the fact that Swedish manufacturers made cars mainly for the export market). With drivers positioned near the side of the road rather than near oncoming traffic, limited visibility led to many head-on collisions. And drivers crossing into Sweden got into accidents because of their unfamiliarity with its traffic protocols.

The Swedish Government prepared a case to make the switch and in 1955 offered a referendum. Some 83 percent of the population voted to keep driving on the left. But in a shining example of democracy, the government made the change anyway.

In 1963 it mandated that a move to right-hand traffic would take place in 1967. Four years to get it right. The target date of September 3, 1967, became known as H-Day. H stood for Högertrafik, Swedish for "right traffic."

Traffic lights had to be reversed. Some 360,000 road signs had to be switched. Intersections had to be redesigned and reshaped, lines on the road repainted, bus stops moved, trams reconfigured.

Every intersection was equipped with an extra set of poles and traffic signals wrapped in black plastic, awaiting the switch. Similarly, a parallel set of lines were painted on the roads with white paint, then covered with black tape.

The communications strategy was impressive. The day got not only a name but a logo, which appeared on everything from milk cartons to underwear. A televised song contest gave first prize to The Telstars for "Håll dig till höger, Svensson" ("Keep to the right, Svensson"). The government even distributed gloves, one black, one red as a reminder to drivers.

On H-Day at 4:50am, crowds of people gathered to watch as all vehicles on the road were instructed to come to a halt, move carefully to the other side of the road and wait. At the stroke of 5:00am, following a radio countdown, an announcement was made over the radio: "Sweden now has right-hand driving." And so it did.

Accidents dropped in the following months, in part because of improved vision while passing.

Central Stockholm on *Dagen H* ("H-Day"), September 3, 1967. It was the day that Swedes, who had always driven on the left-hand side of the road, were required by law to drive on the right side. Roughly 150 minor accidents were reported on H-Day, but the move saw a long-term decline in car accidents. Perhaps terrified drivers were paying more attention.

PHOTOGRAPH: WIKIMEDIA COMMONS

When you consider that this change was orchestrated without the communication tools we take for granted today, I say: respect to the Swedes.

In my work at MerchantCantos, I have helped global businesses undertake major change programs using some of the same tools: a creative platform with a name, logo, look and feel, and an informed plan to deliver a set of simple core messages coherently across an informed range and sequence of channels. I am proud to say the projects have included some innovative, poignant and successful behavioral cues to influence, reinforce and sustain the desired change.

As yet, though, I haven't made up a song.

PHIL MORLEY is Director of Employee Engagement at MerchantCantos, Brunswick's global creative agency. He has never driven (on either side of the road) in Sweden.

MANAGEMENT LESSONS

Adventurer **MARK BEAUMONT'S** story of survival, as told to Brunswick's **MELISSA WARD**

Mark Beaumont set a new record this September for cycling around the world, cutting 44 days off the previous mark. An experienced endurance adventurer, he also knows the heartbreak of defeat. In 2012, the highly decorated athlete and his crew were seeking to break the world record for rowing across the Atlantic Ocean when, suddenly, terrifyingly, all they wanted was to survive. Here Beaumont recounts the management lessons he took from that ocean disaster.

IT WAS 10:55AM AND I WAS ROWING HARD IN the final five minutes of my shift. Ian, as always, was in front of me, Yaacov behind, and we were going fast, just over 500 nautical miles from our destination in Barbados. The swell and winds were coming from the east and it was a large but fairly predictable sea. My thoughts were on what I was going to eat during my two-hour break and I was looking forward to a short sleep, too. None of us had slept for more than 90 minutes at a time in the 27 days since we had set out from Morocco.

Despite huge fatigue after four weeks of very hard rowing, spirits were high. The trade winds had finally reached us and for the last 48 hours our speed had picked up considerably. We were tantalizingly close to world record pace – just another six days.

I didn't see or hear it coming. Sara G [the boat] pitched up without warning, the stern cabin in front of me lifting quickly as a large wave sped under us. There was an awful moment in equilibrium as we perched perfectly on our side. I can't remember much except I was then upside down, in the water and fighting to get my shoes out of the rowing straps.

The timing couldn't have been worse. With both hatches open for those few minutes during the change of shift, both cabins were flooded and there was no chance she would right herself.

Holding on to her upturned hull, we had very little time to act. If she went down before we set off an emergency beacon or salvaged a life raft then our chances of survival were nil.

Swimming around in high seas hundreds of miles offshore gives you a new perspective. I had been in serious scrapes before. This was the first time I thought I was about to die.

Salvaging the raft wasn't easy. It was in a hatch on the rowing deck of the boat, which was now upside down and an air pocket held it firmly in place. It took Aodhan, Matt and me nearly 20 minutes to wrestle it free.

We counted the small blessings. It was daylight, and being so near the Caribbean, the water was fairly warm. Even so, after so long treading water and holding on, I was shaking with cold.

It was clear that to get rescued quickly would mean going back to Sara G to find other emergency equipment. During the afternoon Matt and I made return trips, swimming the 50 meters between the life raft and our upturned vessel, while the other four in our crew waited in the life raft.

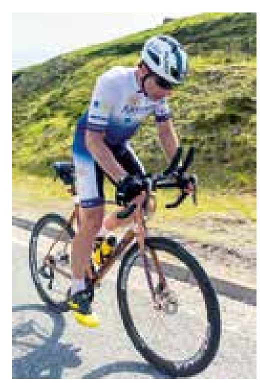
I wasn't confident about holding my breath long enough to do anything useful as I dived underneath the boat, squinting to see clearly in the salty water. Finding anything useful was difficult in that dark, flooded, upside-down world. The first time I resurfaced I brought with me a fire extinguisher! The next trip was more successful when I broke the surface holding a GPS tracker beacon. This was the lifeline we needed – rescuers would now know exactly where we were.

The last trip back – to find the desalinator and satellite phone – was, by far, the worst. The line was constantly slack from the swell and I fought to keep my head above water. The relief when I reached the raft was immense, and once aboard I immediately had to lean back out to be sick after all the salt water I had swallowed.

The battery on the phone was almost dead but there was enough charge to call the UK and say that we were all fine. From then on it was a very slow waiting game. As the evening drew in it got colder, and soon it was dark.

It took 14 hours to get rescued.

The Nord Taipei, a 177-meter Taiwanese cargo vessel, reached us at around 1:00am. We completed the dangerous task of coming alongside and climbing its vertical sides to safety. For the next 10 days we re-crossed 2,500 nautical miles of Atlantic Ocean to Gibraltar, where friends and family would meet us. All six of us lived to tell the tale. We lost almost everything, the boat, the World Record, but I



Mark Beaumont on his ride around the world, which he completed in September 2017. He rode roughly 18,000 miles (29,000) km in 78 days. Beaumont took four separate flights to begin legs on different continents.

from a SINKING SHIP

came home with my boxer shorts and with my life. All six of us onboard can put this on our CVs as a moment of genuine crisis.

However, the experience of having been there isn't necessarily a badge of honor. "I was there," isn't enough. I don't believe that some of the athletes around me could have saved their own lives, which leaves me thinking long and hard about how I now select my teams. We can all perform on the good days, but it's the toughest days that become career defining. Leadership is the ability to grow beyond your technical ability. Being an athlete and doing the training courses is the prerequisite for rowing the Atlantic, but it is calm and resolve under extreme stress that will bring you and your team home alive.

"Success is a lousy teacher," they say. While you shouldn't go looking for moments of disaster, you want your team to have grit and resilience beyond their ability to do their job. In training now, I try to give my team a good deal of exposure to risk and failure and danger. It shows you their ability to perform under pressure. As a team, you also learn how to communicate under pressure.

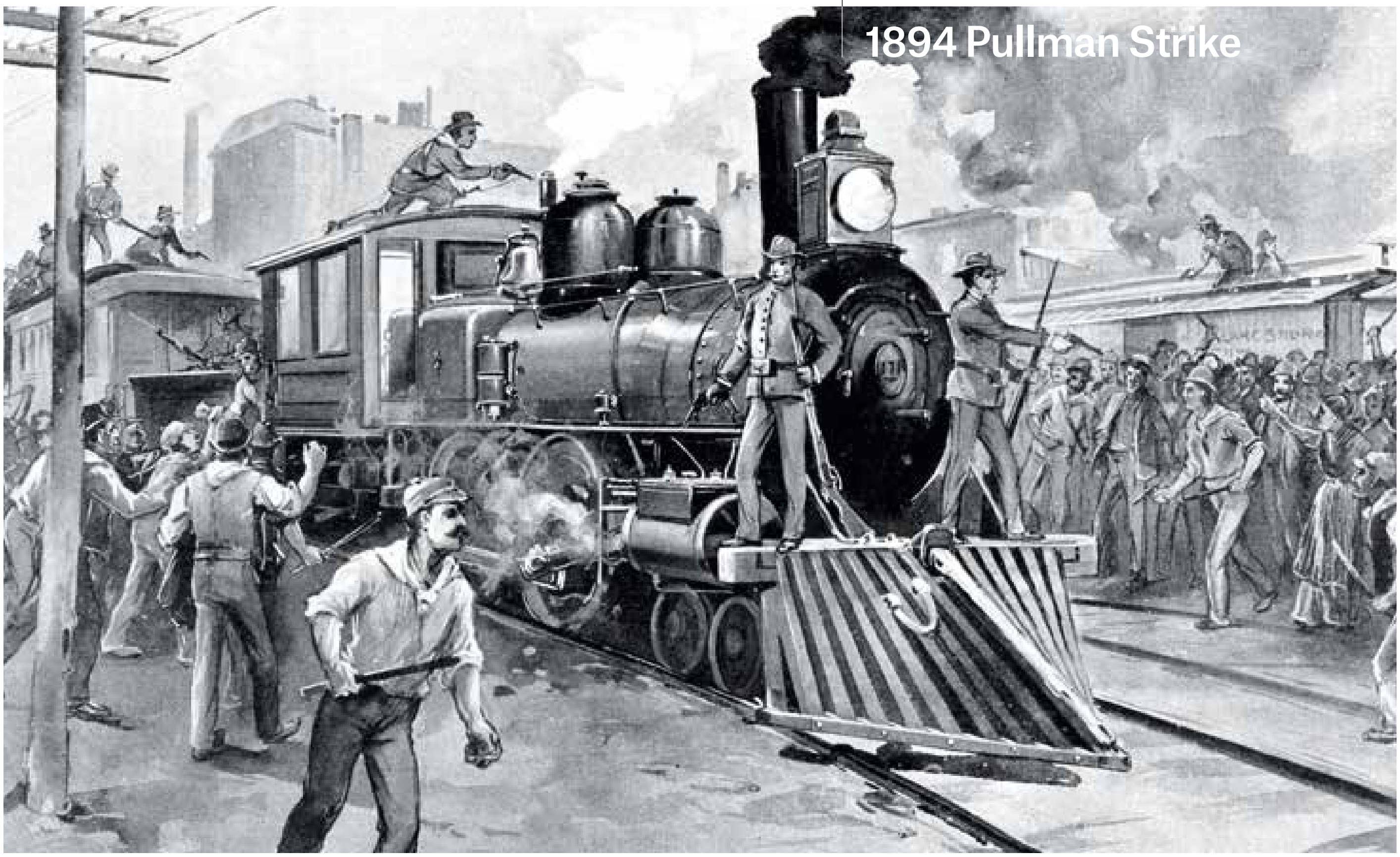
PHOTOGRAPHS: COURTESY OF MARK BEAUMONT

Above, rowers onboard the "Sara G." They were attempting to row across the Atlantic Ocean, the world's second-largest body of water, in record time.

Left, Beaumont climbs a rope ladder to safety after the Sara G capsized. Able to salvage a life raft, the men were rescued after 14 hours. More than a year later, the fiberglass boat drifted ashore in Key Largo, Florida. It was heavily damaged, but still had the men's wallets onboard.

MELISSA WARD, a Director based in Brunswick's London office, works with the senior management team on all aspects of the firm's operations, including internal communications.

Critical moment



1894 Pullman Strike

THE 1894 PULLMAN STRIKE NEAR CHICAGO prompted US President Grover Cleveland to establish a new federal holiday: Labor Day.

But that was political posturing. The strike was a disaster for most Pullman workers, and a tragedy for others. As many as 30 strikers died at the hands of trigger-happy federal troops that Cleveland had dispatched to Chicago. Untold numbers of other workers were fired. Those who did return to their jobs gained no concessions in pay or conditions. The leader of the strike was jailed.

Before the strike, George Pullman, founder of Chicago-based Pullman Palace Car Co., whose sleeping cars offered first-class travel, was known as a benevolent employer who provided housing for his workers in a company town just south of Chicago. That reputation never was legitimate, as Pullman made a profit off worker rents. When the so-called Panic of 1893 struck, softening demand for sleeping cars, Pullman lowered wages without lowering rents, inciting a strike.

When the strike threatened mail service, President Cleveland sent about 6,000 soldiers to ensure the movement of trains. In the violence that ensued, the troops killed and wounded dozens, effectively ending the strike.

THE STRIKE BEGAN after George Pullman lowered wages without lowering rents in the company town he ran south of Chicago. After federal troops shot dozens of strikers, public opinion turned against Pullman. In 1898, the Illinois Supreme Court ordered Pullman to divest the town, now a Chicago historic district.

The strike's end was not a victory for Pullman. Berated even by other business leaders for his harsh handling of the strike, Pullman died of a heart attack three years later, at age 66. So hated was Pullman in Chicago that his family buried him in an extra-thick vault to keep his remains from being desecrated.

Nearly a century and a quarter later, the Pullman strike stands as a monument to how wrong a labor dispute can go. "Everyone lost something," says Susan E. Hirsch, Professor Emerita of History, Loyola University Chicago, and author of a book *After the Strike: A Century of Labor Struggle at Pullman*. "Many Americans felt the strike and government response had torn the country apart."

Six days later, Cleveland signed legislation creating Labor Day, a move largely seen as an attempt to placate labor members ahead of mid-term elections. It didn't work. That November, Cleveland's Democratic party suffered its worst loss in decades.

JAYNE ROSEFIELD, a Partner, leads Brunswick's newly opened Chicago office and the firm's US Consumer Industries practice.

PHOTOGRAPH: SCIENCE HISTORY IMAGES / ALAMY STOCK PHOTO