

How employee freedom delivers better business

By Susanne Gargiulo, Special to CNN

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They've got it all: Free food, fitness facilities, massage rooms, hair dressers, laundry rooms and on-site doctors. Are they Hollywood celebrities?

No, they're Google employees in Mountain View, south of San Francisco, and if you're an employee here you're encouraged to spend 20% of your time on a project of your choosing. It's no surprise Google places fourth on the U.S. Fortune '100 Best Companies to Work For' list. First place belongs to SAS, the world's largest privately held software company which offers free on-site medical care for employees and their families, low-cost high quality child care, a fitness center, library, and summer camp for children of employees.

How could this possibly pay off? "It pays off spectacularly," says Milton Moskowitz, journalist and co-author of the Fortune '100 Best Companies to Work For' list since its beginning in 1998. "We keep track of stock market performances of companies on this list, and they are consistently outperforming other companies," he adds.

The payoff shows up in increased innovation and productivity, low turnover, low sickness rates, and high employee satisfaction. In a world warring for increasingly sparse talent, a strong employer image is also not to be underestimated. "It means you can attract and attain some amazing people", says Laszlo Bock, senior vice president of people operations at Google. "People who are exceptional and motivated, and who are driven beyond a good job and a paycheck."

"Employees matter, and the thought that they just 'turn off their lights' when they come to work is ridiculous", says Jennifer Mann, vice president of human resources for SAS. "You are not going to succeed unless you have a stable workforce. Our voluntary turnover is 4% or less in an average industry of 22%, and we estimate it is saving the company hundreds of millions in company turnover."

The approach is a far cry from the 1900s sweatshops of the U.S. So, what's changed? Perhaps not as much as you might like to think.

The companies on this list are "exceptional," says Moskowitz. "They are not the norm. We still have a lot of ground to cover, but 25 years ago it was such a hierarchical business structure and that's changed a lot."

"The realization that there is a relationship between employee welfare and productivity is actually not new," says Daniel A. Wren, author of *Evolution of Management Thought*. "Henry Ford tried a workers' welfare program to deal with high turnover, even paying people \$5 a day at a time when that was unheard of. Others have tried similar programs. But, we've come a long way since the backbreaking work of the 1920s. Workers today are smarter, more skilled, more demanding. They want different things."

Research by the Great Place to Work Institute, co-publisher of the Fortune annual list, shows us that today's employees really do want different things - and it is not in their paychecks. Their work with more than ten million employees worldwide reveals that what people want is: Trust in leadership and each other, pride in their work, enjoyment of the people they work with, and fairness and transparency; all things that companies like Google and SAS seem to do well. The key to making this approach successful, they say, is a sincere focus on employee wellbeing.

"A lot of companies think, they can fix just one thing, says Mann, who through SAS also works with companies globally to help them create better work environments, "They think that if they add a healthcare centre then that will do. But it's a much bigger picture."

Bock agrees, "The important thing to note is that you don't need a lot of money to do what Google has done. If you give people freedom, they will amaze you."

So, how can you begin to reap the benefits of a happy staff?

Simple, says Moskowitz: "Sit down and talk with your employees. Ask them what they want."