

“The Connection Culture”

A New Source of Competitive Advantage

Text of a speech by Michael Stallard, president of E Pluribus Partners

[Introduction and greetings]

Today I want to share something I learned over the last decade of my life that I believe can be as helpful to you as it has been to me. In a nutshell, *one of the most powerful and least understood aspects of business is how an emotional connection between management, employees and customers provides a competitive advantage. Unless the people who are part of a business feel a sense of connection – an emotional bond that promotes trust, cooperation and esprit de corps – they will never reach their potential as individuals nor will the organization.*

An organization with a high degree of connection has employees who are more engaged, more productive in their jobs, and less likely to leave the organization for a competitor. Organizations with greater connection also have employees who are more trusting and more cooperative, who share information with their colleagues and therefore help decision-makers make well-informed decisions and help innovators innovate. Connection is what transforms a dog-eat-dog environment into a sled dog team that pulls together.

So what is connection anyway? When we interact with people, we generally feel that we connect with some and not with others. Phrases such as “we really connected” and “we just didn’t connect” are common in our daily conversations. Connection describes something intangible we sense in relationships. When it is present, we feel energy, empathy, affirmation and are more open; when it is absent, we experience neutral or even negative feelings. Although we know what it’s like to *feel* connected on a personal level, few among us *understand* the effect connection has on us and on the organizations we work in.

Let me explain the power of connection, first, by sharing some observations and insights that emerged out of my personal experiences.

In May of 2002 I left Wall Street and began researching and writing a book on some ideas I had been considering on how to motivate people who work on the front lines of a business directly with customers. In addition to doing research in the fields of organizational behavior, psychology, sociology, history, political science and systems theory, I did a great deal of reflecting about my own experiences in life. And to my surprise, many of the things I learned came from some of the least expected places.

In late 2002, my wife was diagnosed with breast cancer. Fortunately, it was detected early, removed by surgery and treated with radiation. During the course of Katie’s treatments at our local hospital, we were comforted by the kindness and compassion that many of the healthcare workers showed us during this difficult time. We discovered that some of them were cancer survivors themselves. Because they had experienced cancer as patients, they knew

what we were going through, and they went beyond the duties of their jobs to make a human connection with us. The connection we had with them boosted our spirits.

Over the course of 2003 I continued researching and writing about connection. In December, during Katie's quarterly checkup some of the tests indicated that she might have ovarian cancer. The day of Katie's surgery in early 2004 was one of the most sobering of my life. After Kate had been in the operating room for more than three hours, I knew it wasn't a good sign and I started having a hard time breathing. Shortly thereafter, Katie's surgeon came out and told me she did have ovarian cancer and it had spread some. I remember him telling me that he was sorry. That night, I went with our daughters Sarah, who was 12 at the time, and Elizabeth, who was 10, and Katie's mom to see Kate in the ICU. Kate looked pale and tired. Seeing her so weak and glassy-eyed scared the girls. Sarah backed up against a wall and began to faint. After an ICU nurse helped us revive her, we made our way out of the hospital. Walking through the empty hospital lobby, Elizabeth began to sob. I knelt down beside her and Sarah and I wrapped our arms around Elizabeth until she regained her composure. At bedtime, the girls crawled into our bed. We prayed for God to watch over Katie and the girls fell off to sleep. I'll never forget that night seeing them snuggled up together, asleep on their mom's pillow. I recall how alone I felt and afraid of what the future might hold for our family. The thought of Katie not seeing the girls grow up and the girls losing such a wonderful, loving mother made me sad beyond anything I had ever felt.

During the first half of 2004, Katie had her initial six chemotherapy treatments. She took a break from chemo over the summer before starting a second round of treatments, this time high dosage chemotherapy at Memorial Sloan-Kettering Cancer Center in New York City. Our experience at Sloan-Kettering really surprised me. Every time we approached the front doors of the 53rd street entrance in midtown Manhattan, the exuberant doormen locked their eyes on us and greeted us with big, warm smiles as if we were friends coming to visit. The receptionist and security people were equally friendly. During our first office visit with Katie's oncologist, Dr. Martee Hensley, she spent an hour educating us and although the statistics she shared with us were sobering, Dr. Hensley's warm disposition and optimistic attitude lifted our spirits and gave us hope. Simply put, we connected with the people at Sloan-Kettering and it encouraged us and made us more optimistic.

One day during Katie's chemo treatment, I went to the gift shop to get something to drink and stumbled on a meeting in the adjacent lounge where Sloan-Kettering employees who worked at that site were discussing the results of an employee survey. I overheard them share that they loved working there because they loved their colleagues, their patients, and their cause, which is to provide what is stated on all their printed materials ... *the best cancer care, anywhere*. It was apparent that those healthcare professionals had formed a connection with one another and with their patients. During the time we spent at Sloan-Kettering it struck me that there was more joy and esprit de corps in the atmosphere there than in 95% of the offices I had been in over my career. Who would have guessed that a place that treated cancer could have such a vibrant and positive atmosphere?

Today, I'm overjoyed to say, Katie is in remission and she feels great. Reflecting back on those days, I'm convinced that the connection we felt from the tremendous outpouring of care provided by health care workers, friends and family helped Katie overcome cancer and it protected our family's spirits. I recall reading an American Cancer Society publication that said one of the worst things for cancer patients is to feel alone. We rarely felt alone because we were constantly reminded that many, many people were pulling for us – in fact we figured we had people praying for us from probably every religion known to man and even our atheist friends said they were sending positive thoughts our way. All of this was very moving and encouraging to us...we knew that we weren't alone.

Having had such a good experience at Sloan-Kettering, we enthusiastically recommended it last year to a friend of ours who was diagnosed with cancer. Because her cancer was not the type of cancer Katie had, our friend went to a different location at Sloan-Kettering for her initial consultation. Surprisingly, her experience was completely at odds with ours. After one visit where she felt alone and unwelcome, she never returned and instead decided to seek treatment elsewhere.

Reflecting on these experiences made me realize the following:

First, connection is a powerful force that creates a positive emotional bond between people,

Second, connection contributes to bringing out the best in people, it energizes them, makes them more trusting and more resilient to face life's challenges, and

Third, connection can vary tremendously across organizations depending upon local culture and leadership.

Having shared some of the personal experiences that shaped my views about connection, I'd now like to turn to research that sheds additional light on it.

In recent years, neuroscientists have discovered that positive human contact has a physiological affect on people. More specifically, it reduces the blood levels of the stress hormones epinephrine, norepinephrine, and cortisol. It increases the neurotransmitter dopamine, which enhances attention and pleasure, and serotonin, which reduces fear and worry. Connection also increases the levels of oxytocin and/or vasopressin that make us more trusting of others. This is consistent with my personal experience. Connection provides a sense of well-being, it reduces stress, and it makes us more trusting.

Those discoveries about connection are also confirmed by the observations of psychiatrists. Dr. Edward Hallowell, a practicing psychiatrist and instructor of psychiatry at Harvard Medical School, has written that most of the business executives he encounters in his practice are deprived of connection with others and he has observed that it makes them feel lonely, isolated, and confused at work. He also believes that people in organizations with a

deficiency of connection become distrusting, disrespectful and dissatisfied. He describes these cultures that lack connection as corrosive. To treat patients suffering from emotional isolation, Dr. Hallowell helps them increase connection in their lives.

Other research establishes that connection improves mental and physical health throughout our lives ...

- babies who are held, stroked and cuddled are healthier,
- elementary school students who receive more affirming eye contact from teachers perform better academically,
- adolescents who feel connected at home and at school are more well-adjusted,
- patients with greater social support recover faster,
- people who experience positive human contact are more creative and better problem solvers (and separate research has shown that people who feel relationally disconnected are more prone to irrational and self-defeating acts),
- adults with more social relationships are less prone to depression and suicide, and
- seniors with greater social relationships live longer.

All of this evidence begs the question, what is it about connection that makes it so powerful? Without going too far into the psychology of connection, let me just summarize by saying that we are humans, not machines. We come equipped with a lot more than just mind and muscle. We have emotions. We have hopes and dreams. We have a conscience. We have deeply felt human needs to be respected, to be recognized for our talents, to belong, to have autonomy or control over our work, to experience personal growth, and to do work that we feel is worthwhile and in a way that we feel is ethical. When we work in an environment that recognizes these realities of our human nature, we thrive. We feel more energetic, more optimistic, and more fully alive. When we work in an environment that fails to recognize these parts of our human nature, it is damaging to our physical and mental health.

And when you think about it, that makes sense. Let's consider how this plays out in the workplace. When we first meet people, we expect them to respect us. If they look down on us or they are uncivil or condescending, we get upset. In time, as our colleagues get to know us, we expect them to appreciate or recognize us for our talents and contributions. That really makes us feel good. Later on, we begin to expect that we will be treated and thought of as an integral part of the community. Our connection to the group is further strengthened when we feel we have control over our work. Connection is diminished when we feel we are being micro-managed or over-controlled by others. If we are over-controlled, it sends the message that we are being treated like children or incompetents and it's a sign that we are not trusted or respected. Connection is also enhanced when we experience personal growth. In other words, our role, our work in the group, is a good fit with our skills and provides enough challenge that we feel good when we rise to meet the challenge but not so much challenge that we become totally stressed out. Finally, it motivates us to know our work is worthwhile in some way and to be around other people who share our belief that our work is important. To the extent that these human needs for respect, recognition, belonging, autonomy, personal

growth and meaning are met, we feel connected to the group. When they are not met, we feel less connected or disconnected.

The bottom line is that connection plays a critical part in improving individual performance. People who are more connected with others fare better in life than those who are less connected. Connection, because it meets our human needs, makes people more trusting, more cooperative, more empathetic, more enthusiastic, more optimistic, more energetic, more creative, and better problem solvers. In this type of environment, people want to help their colleagues. They are more open and share information that helps decision makers become better informed. The openness and marketplace of ideas that emerge in a trusting and cooperative environment make people more innovative. Connection among people improves performance in an organization and creates a new source of competitive advantage.

The Gallup Organization has done extensive research in this area. The best measure of connection is Gallup's Q12 survey that asks questions such as "does your supervisor, or someone at work, seem to care about you as a person?" "do you have someone at work who encourages your development?" and "do your opinions seem to count?" In 2002 the Gallup Organization published the results of a landmark research study that showed that over the course of tracking nearly 8,000 business units over seven years, they discovered that business units with higher Q12 scores -- in other words, higher connection -- experienced higher productivity, higher profitability, higher customer satisfaction, as well as lower employee turnover and fewer accidents. And that makes sense, doesn't it, given what we know about the positive effects of connection on people?

I hope by now that you see and believe that fostering connection in the marketplace is a win-win for individuals and for organizations. If not, don't leave without talking to me later. It's too important for you to ignore. Although we don't have time here to go through the mountain of research supporting connection, I'll be glad to take anyone through it at another time.

For those of you who see the value of connection, I want to show you how you can bring it out in the workplace by creating a **Connection Culture**, a culture with the necessary elements to meet our human needs. The core elements of a Connection Culture that meet these human needs are: Value, Voice, and Vision.

The first element of a Connection Culture is that people are truly valued. My colleagues and I refer to this element in a culture simply as "Value." It means that everyone in an organization understands the universal nature of people, appreciates the unique contribution of each person, and helps them achieve their potential.

Here are some examples of what Value looks like in a culture. David Neeleman, the CEO of Jet Blue, meets 95% of new employees on their first day of work which shows them on day one that he values them. He also sets aside one day each week to travel on Jet Blue flights where he serves beverages and gets down on his hands and knees to clean planes. This shows that he doesn't de-value the work done by even the lowest level employees at Jet Blue.

Nothing he asks them to do is beneath him. Throughout the course of the day the high energy and outgoing Neeleman is constantly connecting with crew members and customers. This shows that he values people enough to take the time to connect with them. Neeleman knows that connection is important. In fact, he has said that most airlines treat passengers like cattle and that Jet Blue is different because they make personal connections with their passengers.

Another example is Jack Mitchell, the CEO of Mitchells/Richards, a high-end clothing store with two locations in Connecticut that sells an astounding \$65 million in clothing each year. Mitchells/Richards was the 2002 Menswear Retailer of the Year. Jack Mitchell describes his philosophy as “hugging” employees and customers by treating employees like family and treating customers like friends. He coaches employees to help them achieve their potential. When they are sick, he reaches out to them. He gives them autonomy. For example, when one older sales person needed to take a short nap in the afternoons to get re-energized, Jack said that made sense to him.

Value also includes protecting people from the abuse of power such as incivility, sexual misconduct or prejudice, actions that make people feel disconnected from their community because it failed to protect them. On a few rare occasions, Jack Mitchell has told customers to take their business elsewhere because they became verbally abusive to one of his employees.

Allan Loren who led the turnaround of Dun and Bradstreet showed people he valued them when he established a rule that no meeting would be scheduled on Mondays or Fridays if it required people to travel over the weekend. This shows that he values them enough to protect their personal time. Loren also valued employees enough to want to see them grow, so he matched everyone in the organization with a buddy who would give them continuous feedback about how they were doing in terms of their personal growth goals. Buddies were selected based on their strengths in those areas that a particular employee wanted to improve upon. Allan Loren also showed he valued people by having employee satisfaction surveys completed twice each year to see how people were doing.

Carl Sewell, CEO of Sewell Automotive in Dallas, one of the most successful automobile retailers nationwide, intentionally hires caring people and nurtures a caring culture that creates connection among employees and customers. His passion for hiring caring people intensified after he was treated for cancer by caring health care workers at M.D. Anderson Cancer Center in Houston. Carl Sewell knows first hand just how uplifting it is when we meet someone who really cares about us.

The second element of a Connection Culture after Value is Voice. The element of Voice exists when everyone in an organization participates in an open, honest and safe environment where people share their opinions in order to understand one another and seek the best ideas. When people’s ideas and opinions are sought and considered, it helps meet the human desires for respect, recognition and belonging. “Being in the loop,” so to speak, makes people feel connected to their colleagues just as being “out of the loop” makes people feel disconnected.

A.G. Lafley, the CEO of Procter & Gamble, is a master of using Voice to boost the performance of the organization he leads. Lafley actively seeks people's views. When he meets with people, he will tell them what's honestly on his mind before he asks them to share what issues they are thinking about. He encourages them to "get the mooses out of the closets" before they grow into bigger problems. When he first became CEO, Lafley asked P&G's Chief Marketing Officer to conduct a survey of employees to get their ideas, many of which he ended up implementing. In his interactions with people, Lafley makes it all about them rather than all about him. And the results he has helped produce have been stunning. When he became CEO, P&G was performing poorly and morale was low. In his first 12 months, Lafley led an effort that resulted in a fivefold increase in employee approval of P&G's leadership and soaring profitability and stock price... so much so that P&G was able to acquire the Gillette Corporation.

After Value and Voice, the third element of a Connection Culture is Vision and it exists when everyone in an organization is motivated by the organization's mission, united by its values, and proud of its reputation. When people share a purpose or set of beliefs it unites and motivates them. At Memorial Sloan-Kettering they are united and motivated by the aspiration stated in their tagline, *the best cancer care, anywhere*, and the organization's reputation as one of the leading cancer centers in the world. Another example of Vision was Apple Computers' "Think Different" advertising campaign. It was conceived following Steve Jobs' return to Apple in 1996 after a 12-year exile. As you may recall, Apple had booted Jobs and brought in marketing pro John Scully to take Apple to the next level, which never happened. So the board of directors turned back to Steve Jobs for help. One of the first things Jobs did when he returned was to work with Apple's ad agency to create the "Think Different" ad campaign. It featured pictures of innovators in science, in philosophy and in the arts such as Einstein, Ghandi, the dancer/choreographer Martha Graham, the photographer Ansel Adams, Richard Feynman the physicist, and Pablo Picasso. The campaign communicated that Apple people were more than technologists, they were innovators and artists who gave others like themselves the tools to change the world. The result was that it created a powerful emotional bond, a connection between Jobs, Apple employees, and Apple customers, who are, by the way, intensely loyal and evangelistic when it comes to spreading the gospel of Apple. Dame Anita Roddick did the same thing at the The Body Shop by promoting all natural cosmetic products that were environmentally friendly, didn't rely on animal testing, and were produced by companies in the developing world. For more than a decade The Body Shop was growing by 50 percent a year even through a recession.

Another one of my favorite examples of a brilliant leader who brought Vision to a group of people goes back a few years. During World War II President Franklin Delano Roosevelt traveled to Seattle, Washington to meet with 18,000 aircraft workers at Boeing Corporation. FDR brought with him a young airplane pilot named Hewitt Wheless from Texas. The pilot had escaped death thanks to the resilience of the bullet-riddled B-17 plane he flew out of harm's way. His plane had been built at that very Boeing plant. Do you think seeing and hearing that young pilot thank them for saving his life connected them to a common cause? You bet it did. It transformed those welders and riveters into freedom fighters. From 1941

until 1945 American aircraft companies out-produced the Nazis three-to-one and built nearly 300,000 airplanes.

The Connection Culture	→	<i>Meets</i> Universal Needs	→	<i>Produces</i> Competitive Advantage	
				Individual Benefits	Organizational Benefits
Value Voice Vision		Respect Recognition Belonging Autonomy Personal Growth Meaning		Trust Cooperation Empathy Enthusiasm Optimism Energy Creativity Superior Problem-Solving	Employee Engagement Better Decisions Innovation Productivity Profitability Customer Satisfaction Employee Retention Safety

Before I conclude, let me stop here to summarize. A good way to remember the elements in a Connection Culture is to remember the following formula:

$$\text{Value} + \text{Voice} + \text{Vision} = \text{Victory for the individual and the organization}$$

When these elements of a Connection Culture are in place, it's a win-win for individuals and organizations.

Let me leave you with a few suggestions about how to get started:

1. First, everyone should understand connection and continuously strive to increase it among the people they work with.
2. Second, leaders need to get to know the personal stories of the people they work closely with and share their own stories as well. Learn what has made them happy and what has disappointed them. Find out what their professional and personal hopes are for the future. As people get to know one another, Value will increase and connection will be strengthened.
3. Third, like A.G. Lafley at Procter and Gamble, all leaders should regularly meet with groups of people to hear the issues on their minds, get the “mooses out of the closets” so they can deal with them, and hear peoples’ ideas about opportunities and threats to their business. Leaders should look for good suggestions they can implement and publicize internally. You won’t believe how much it will fire up people to see their ideas come to life. It brings Voice to a culture and increases connection.
4. Finally, identify the Vision that will unite and motivate everyone in your business. That Vision may be becoming the best at what you do, it may be bringing something

new to the world or conducting your business in a way that reflects your values. Charles Schwab's Vision is to create "the most useful and ethical financial products in the world." Disney's Vision is to "make people happy." E Pluribus Partners' Vision is to "unlock human and corporate potential." To jump start the process, get your most motivated people in a room and ask them when they have felt proud of their company. Listen to their stories and you'll likely find a Vision to rally around.

From Main Street to Wall Street the wisest leaders are beginning to see the value of connection and community. Harley Davidson has created a community around its riders, employees and management and sponsors cross-country trips and road rallies. On Wall Street, Goldman Sachs is making its leadership training available to the promising leaders of its client companies in order to connect with them before they rise up to the top jobs. In San Francisco the biotech company Genentech, which *Fortune* magazine recently named as the number-one-rated company to work for, brings in cancer patients to meet its employees, throws weekly parties for employees to mix with one another, and celebrates big product breakthroughs with company-wide parties that feature entertainers like Elton John, Mary J. Blige and Matchbox 20. At Southwest Airlines, the company learned that its performance at the gate improved when it maintained a 10-to-1 frontline employee-to-supervisor ratio because its supervisors could connect with, coach, and encourage those people. Some airlines have frontline employee to supervisor ratios of 40-to-1 that make connection very difficult to maintain.

Ed Catmull, the head of Pixar Animation studios, formed Pixar as an antidote to the disconnection that is the norm among Silicon Valley high tech companies where independent contractors come together for a specific project and then disband upon the project's conclusion. In contrast to the independent contractor model, Pixar keeps the team together so that they build connection among them. Catmull also created Pixar University to increase connection across Pixar. At Pixar University connection occurs when every employee, from the janitors to Catmull himself, spends four hours each week in classes with colleagues learning about the arts and animation and about each other. It's no coincidence that Pixar University's crest bears the Latin phrase "Alienus Non Dieutius," which translated means "alone no longer."

Many other great companies such as Starbucks, Whole Foods Market and Disney are also continuously exploring ways to create greater connection among their employees and customers. You should too.

Companies that sow the seeds of disconnection are doomed. Could there be a better example than Enron, a company whose leaders nurtured a dog-eat-dog environment, where the book *The Selfish Gene* by Richard Dawkins was celebrated as a manifesto and traders boasted about their power to make "grandmothers" in California suffer from electricity rate increases and power outages? Leaders who nurture a dog-eat-dog culture or even an indifferent culture may succeed for a while, but their success is built on feet of clay that will inevitably crumble. History is filled with examples of this recurring theme.

My heroes are the leaders who create connection and who bring Value, Voice and Vision to the people they are responsible for leading. Wherever you find great nations, companies, non-profits and sports teams, you will find these great men and women. I think of George Washington, FDR, Abraham Lincoln, The Reverend Martin Luther King, Jr., Gandhi, Churchill, Elizabeth Cady Stanton, John Wooden, Dean Smith, Coach K at Duke, Anne Mulcahy at Xerox and the business leaders I mentioned earlier in my comments.

It was connection that I witnessed on the mornings following the terrorist attacks on 9/11 when I walked from Grand Central Station to my office near Times Square. I vividly remember looking down the canyon-like avenues and seeing American flags flying everywhere against the backdrop of a giant cloud of dust that hovered over the southern end of Manhattan. I also recall New Yorkers nodding and making eye contact with me as if to say, “we’ll make it through this.” For those of you who have been to New York City you’ll know that it is very unusual for New Yorkers to make eye contact with passersby.

It was also connection that moved the hearts of people in towns across America to fly their flags and send money for the families who lost loved ones. And it was connection that moved rescue workers and volunteers to come to New York City and Washington, D.C. to do what they could to help. Although New Yorkers pride themselves in individualism, I can tell you they were profoundly moved by the outpouring of affection from their fellow Americans. During that time of shock, of mourning and of sadness, the empathy and compassion extended by people across America and the rest of the world provided the healing embrace New Yorkers needed to continue on.

Social commentator David Brooks, writing about American unity following September 11, likened us to one big family...we may have our differences but when one of our own is in trouble, we are there for one another. It was the same strength of connection that got us through the Depression and World War II. Who would ever guess that a country made up of people from every corner of the world would come together like that?

The sense of connection I felt following the 9/11 terrorist attacks had a profound effect on me. It led my business partners and me to name our firm E Pluribus Partners, inspired by America’s motto E Pluribus Unum which in Latin means “out of many, one.” E Pluribus Unum was created by John Adams, Benjamin Franklin, and Thomas Jefferson. If they would have seen how Americans came together in the aftermath of 9/11, I believe they would have stood up and cheered.

The Founders would also be delighted to see America’s bustling economy. With a mere five percent of the world’s population we produce 30 percent of the world’s economic output. With greater connection in the workplace, we could achieve so much more.

Connection is the key. It makes a difference in societies, in communities, in volunteer organizations and within families. When Value, Voice, and Vision combine in a culture, Victory follows. Each one of us, in big or small ways, can be a catalyst for connection.

As we part, I want to thank you again for listening to me today and wish each of you abundant connections with your families and friends, your colleagues at work and fellow citizens in society. And may your connections with people bless each of you, all the days of your life with the peace, the joy, the productivity and prosperity that flow from it.

Michael Stallard is the founder of E Pluribus Partners, a Greenwich, Connecticut-based consulting firm that focuses on corporate culture. Formerly, he was chief marketing officer for the affluent investor segment businesses of Morgan Stanley and Charles Schwab. Along with his business partners Carolyn Dewing-Hommes and Jason Pankau, Michael is a contributor to the book *What Managers Say, What Employees Hear: How to Connect with Your Frontline (So They'll Connect with Customers)*, which is edited by Regina Maruca and will be published by Praeger in March 2006. He is also co-author of a book on "The Connection Culture" to be published by Nelson Business in early 2007. For more information about E Pluribus Partners and articles on how to increase connection in organizations, see www.epluribuspartners.com or contact Michael Stallard at (203) 422-6511.

