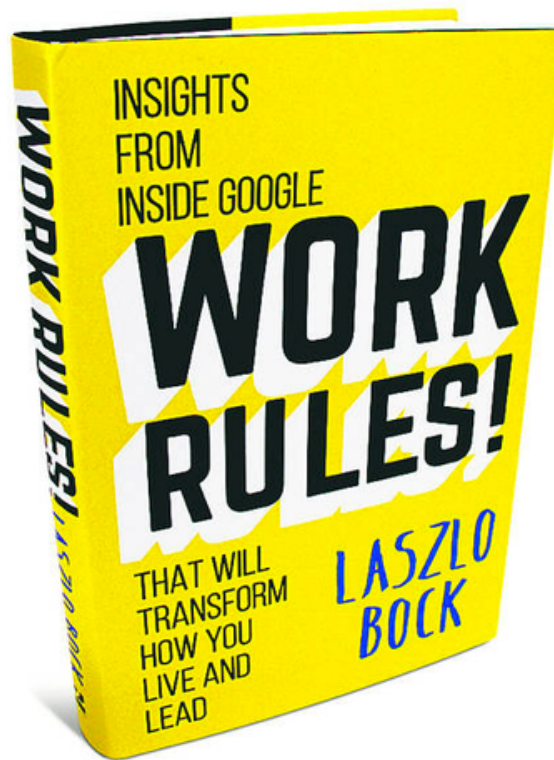


Work Rules!

Insights from Inside Google



Why Should Leaders Care?

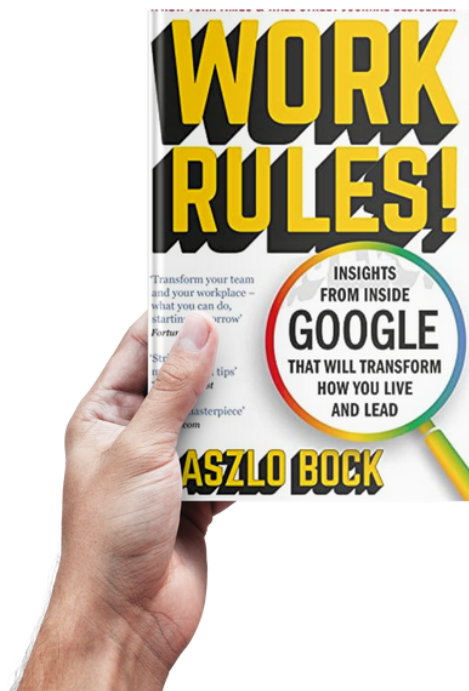
Most organisations make well-intentioned, educated guesses on the management practices they choose. There is a better way. Google serves up well-researched, academically and practically proven, methods that organisations should adapt and adopt.

Note: The book should come with a health warning: any executive who believes that human beings require external motivation and close supervision to perform will find the author's ideas impractical, if not entirely delusional.

BOOK REVIEW

Work Rules! Is a practical guide for HR professionals, managers, and CEOs on how to build a successful and thriving workplace culture. The book offers insights and examples from Google's journey to becoming one of the world's most successful and innovative companies in terms of HR practices, employee engagement, and innovation. The book provides evidence-based examples of how Google arrived at context-specific management practices through data-enabled experimentation.

“Command-oriented, low-freedom management is common because it’s profitable, it requires less effort, and most managers are terrified of the alternative.”



TOP 4 ACTIONABLE INSIGHTS FROM WORK RULES!

01 Give your people slightly more freedom than your comfortable with



Today's best talent is migrating to high-freedom environments, every manager should give her team a bit more freedom than she's naturally inclined to.

MIT's Richard Locke found this approach works. He compares two Nike T-shirt factories in Mexico - Plant A and Plant B. Plant A gave workers more freedom, asking them to help set production targets, organise themselves into teams, and decide how work will be broken up. Plant B tightly controlled the shop floor, requiring workers to stick to their assigned tasks and adding strict rules about when and how work happened.

Locke found that workers at Plant A were almost twice as productive.

(150 T-shirts per day vs. 80), earned higher wages, and had 40% lower costs per T-shirt (\$.11 per shirt vs \$.18 per shirt).

There are myriad other studies demonstrating that giving your people more freedom improves performance. In our experience

Leaders are often surprised when small steps of freedom result in people acting like owners in your business, not just employees.




02 Explore the 'two tails' in your organisation.

Anything we can measure follows some kind of distribution: from low to high, small to big, and near to far. Organisations typically manage people using a normal distribution with most people labelled as average and two tails of weak and strong performers pushed out to the sides. That is an error. In fact, human performance follows what's called a power law distribution. Researchers from Indiana University and the University of Iowa explained that "instead of a massive group of average performers dominating through sheer numbers, a small group of elite performers dominate through massive performance". Most organisations undervalue and under-reward their best people without even knowing they're doing it. Most companies get rid of the "bottom tail" - performers who live in purgatorial fear that they could be fired at any moment. For the "top tail" life couldn't be better with ready promotions, bonuses, and the adulation of peers and management.

Google shows that these two tails represent an enormous opportunity.

TAIL 1 - HELP THOSE IN NEED

Most organisations miss the fact that people in the bottom tail represent the biggest opportunity to improve performance in the company and the top tail will teach you exactly how to realise that opportunity. Google regularly identifies the bottom-performing 5% of their employees. For some organisations, this is a precursor to performance-managing these people out of the business. Not so at Google. Rather, Google offers a range of training and coaching to help them build their capabilities and their confidence. The interventions are for the small handful of people who struggle most, rather than for everyone.



This typically results in the person's performance improving to average levels. It may not sound like much but think about it this way. Out of a group of 100 people, Jim was one of the five worst performers. After this intervention, Jim was about the 50th best performer. Not a superstar, but Jim is now contributing more than 49 other people, were before he'd been better than only 3 or 4 people.

What would your organisation be like if all the worst people got that much better?



TAIL 2 - PUT YOUR BEST PEOPLE UNDER THE MICROSCOPE

Many people are successful in one organisation but don't thrive in their next job- this is why so many superstar CEOs come into new companies and fail miserably. Success depends on specific, local conditions. Understanding precisely what makes your best people succeed in your unique environment is the natural extension of decades of research. If success depends on specific local conditions, then you are best served by studying the interplay between high performance and those conditions.

Every company has the seeds of its future success in its best people, yet most fail to study them carefully.

Google studies their very best people very closely via the People and Innovation Lab - an internal research team and think tank with the mandate to advance the science of how people thrive at work.



The People and Innovation Lab is assigned projects and hypotheses to prove or disprove. For example, Google -being an engineering company- is filled with engineers who fundamentally question the value of management. Engineers generally think managers are at best a necessary evil, but mainly they get in the way, create bureaucracy and screw things up. The initial hypothesis was that manager quality had no impact on team performance. Google's Project Oxygen tightly defined what a good or bad manager is and went on to crunch tens of thousands of data points.

They went on to prove that Googlers with the best managers did 5 to 18% better on a dozen engagement dimensions when compared with those managed by the worst manager.



In fact, Manager quality was the single best predictor of whether employees would stay or leave, supporting the adage that people don't quit companies, they quit bad managers. Google took it one step further and distilled the secrets of their Best Managers into 8 attributes that lead to success in Google's specific environment. Systematically applying these via a clever set of low-tech checklists and behavioural prompts shifted the entire population: those in the middle moved up while bottom-quartile managers moved to the middle.

This approach may seem out of reach for organisations without the budgets and intellectual horsepower of Google- but in reality, every organisation can do something.

How well do you understand the factors that make your best people the best?

03

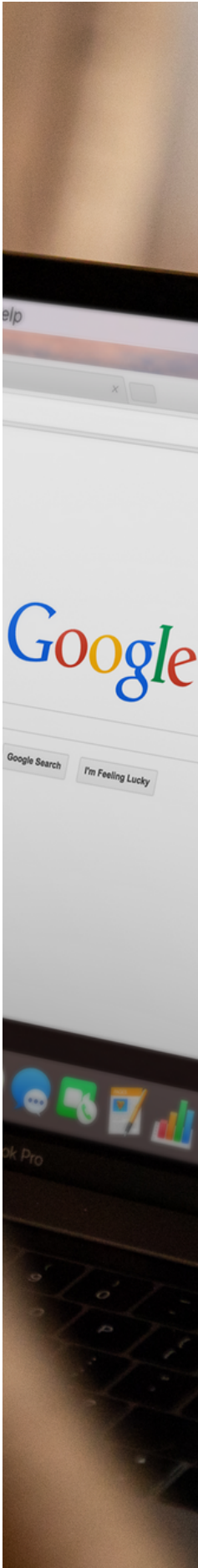
Make decisions based on data, not on Manager's opinions.



The author argues convincingly that most organisations use hiring, performance and promotion processes that rely on the opinions of managers rather than on a solid fact base. People make all kinds of assumptions - guesses, really, about how things work in organisations. Most of these guesses are rooted in simple bias.

The antidote for these natural biases is the use of data to make decisions.

Google tests their own products frequently to make sure all decisions are fact based. In 2010, for example, they made 516 improvements to how a Google search works. Before implementing any of the improvements, Google tests them to make sure they work. They use A/B testing showing evaluators two sets of search results side by side, then watching the behaviour and getting their feedback on which results were better. In 2010 alone, Google conducted 8157 A/B tests. Put another way, every single day in 2010 Google ran more than 30 experiments to uncover what would best serve their users. They take the same approach on people issues. Google relies upon a panel for all hiring decisions, rather than leaving the decision with the line manager. Significant data from cognitive and psychometric tests combined with insights from multiple interviewers across several rounds of interviews enables the firm to maintain a very high standard of hiring. This robust process eliminates instances where a hiring manager hires their brother-in-law because “he's a good guy and needs a job”.



At one point, there was a widespread feeling within the Google engineering community that “working with much more senior people” has a significant effect on promotions (more visibility to the decision makers). After all of the data were crunched, the truth came out. 51% of all people nominated for promotion at Google were promoted. For those who worked with much more senior people, the promotion rate was 54%. A little higher, but not much. The Google people operations team maintains a site which is updated periodically with the latest facts and any new analysis that have been requested. This is essential to demonstrate that the people processes within the firm are unbiased. “It would've been easy to keep asserting that the process worked. But far better to bust the myths once and for all with facts, and then make those facts freely available to anyone.” Any major program Google rolls out is first tested with a subgroup. In Google’s case, the virtue of being a big company is they can run hundreds of experiments to see what really makes their employees happier or more productive.

Every office, every team, every project is an opportunity to run an experiment and learn from it.

This is one of the biggest missed opportunities that large organisations have, and it holds just as true for companies made up of hundreds not thousands. Too often management makes a decision that applies unilaterally to the entire organisation. What if management is wrong? What if someone has a better idea? What if the decision works in one country but not another? Why not carve out, 10 or 50 or 100 people and try something different? Or try something first with a small group. Then you can move forward with much more confidence based upon the learning and data gleaned from the experiment.

04 Help Employees find Purpose in their work

We need to help employees see the impact of their work on others and help them discover the “why” of their work. We know that, physically, the feeling of purpose is good for us – it affects our health and life expectancy. For example, a relatively small increase in sense of purpose – only a one standard deviation improvement – substantially reduces the risk of dying over the next decade.


How confident are you that every person in your organisation understands how they specifically contribute to the success of your customers? Wharton school psychologist and author Adam Grant writes powerfully about the power of purpose to improve, not just happiness, but also productivity. His answer, like many brilliant insights, seems obvious once it's pointed out. The big surprise is how huge the impact is.

- Lifeguards who read stories about saving drowning swimmers were 21% more active in watching over their swimmers
- Students editing letters written by other students spent 20% more time on them if they first met the authors

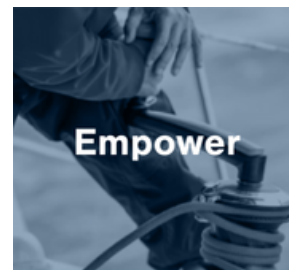
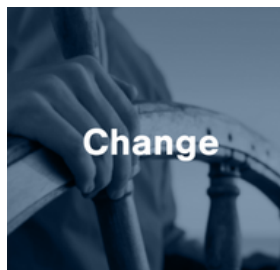
Grant's insight is that having workers meet the people they are helping is the greatest motivator, even if they only meet for a few minutes. It imbues one's work with a significance that transcends, careerism or money. If you're interested, Adam Grant has some very practical examples in this 2-min video.

<https://youtu.be/Mli6ueU-Sos>

This book challenges CEOs and HRDs to think critically, use data, and be deliberate in taking iterative action to arrive at the right practices for each situation. *Work Rules!* should be required reading for all human resources directors.



Lighthouse brings these principles to life as we work with our clients using the Lighthouse Leadership System. The system features Alignment, Change, and Empowerment.



ALIGN

The first step with most clients is developing alignment around Strategy, Culture, Change, and Execution with their Executive Leadership Team. This process includes an organisational assessment which provides a deep exploration of organisational management practices. Many groups are working from a fundamentally Industrial Era perspective- sometimes without even knowing it. This awareness leads to conversations among the executive team and agreements to make necessary adjustments to provide more freedom. This assessment also delivers insights into the organisation's 'two tails' which can be used to help the poorer performers and deeply understand what makes to performers so effective.

CHANGE

Principle #1 of the Leadership System is that People Connect with what they Create. All of our clients have big change agendas - we ensure that organisational change is co-created with the workforce most impacted. This approach produces the freedom in a framework similar to that of the production line discussed above.

EMPOWER

The Leadership System integrates and includes work with Extended Leadership Teams (XLTs - typically the group(s) reporting to the Executive Leadership Team). We often deploy a highly-customised version of our 'Manager as Coach (MAC)' program to help all people leaders give more freedom than they otherwise could. This delegation puts decision making closer to the customer and delivers more agile responses to emerging needs. The MAC program also provides managers with the tools needed to help all employees connect their purpose to the organisations

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Eric Miller helps organisations achieve their growth targets by adopting Leadership Systems. Eric brings an engineering mindset to the field of leadership and organisational development. This translates into bespoke, measurable implementation roadmaps which bring strategy and execution together to deliver sustainable results.

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