

Happy Offices Make More Money

By Joe Taylor Jr. | Published on: 08-Jan-13

Southwest Airlines founder Herb Kelleher famously told his company's critics that employee happiness let his entire team [focus on customers](#), who drove profits for shareholders. Kelleher's legacy inspired competitors like JetBlue and Virgin America, while empowering leaders in a variety of fields to question how employee happiness affects profits.

Researchers at the University of Pennsylvania backed up Kelleher's idea in a 2010 study that showed a direct correlation between workplace morale and corporate results. Alex Edmans and his team found that the "100 Best Companies to Work For in America" earned shareholders 3.5 percent higher annual returns than typical industry averages.

4 Steps to Happier Employees

Leadership experts recommend these four quick steps that you can take right now to improve your own team's happiness.

1. Measure staff satisfaction

Measure your team's happiness the way you measure [your company's revenues](#). Fred Reichheld created [the Net Promoter feedback system](#) to measure customer service quality for companies like Southwest, GE, and American Express.

According to Reichheld, Apple uses the well-known customer survey tool to measure employee engagement at its retail stores. Confidential surveys produce a quarterly score and a set of recommended next steps that managers can use to address concerns of "internal customers."

2. Start right

Begin each day with a hearty "good morning." [Alexander Kjerulf](#), author of "Happy Hour is 9 to 5," suggests that the world's most effective managers find ways to make coming into work a joyful experience. Kjerulf advises managers to adopt a genuine, appreciative gesture at the start of each workday.

This often means eye contact and a handshake with a personal touch. (Think about the scene in "Primary Colors" where John Travolta's presidential arm squeeze woos supporters.) If your style

is less hands-on, a team rally around snacks or coffee can help segue your workers from commute to community.

3. Recognize and reward

Use your employees' skills appropriately. [Dr. Noelle Nelson](#), author of "Make More Money by Making Your Employees Happy," warns that high-potential employees often get "rewarded" with extra responsibilities that detract from their core competencies.

Frustration and fatigue often lead to burnout that turns former top performers into horrible bosses. Meanwhile, strong performers with high self-awareness may reject a career path that pulls them too far away from their favorite skills. Retaining key employees can save hundreds of thousands of dollars in training and recruitment costs.

4. Emphasize development

Hold everyone accountable for personal development, especially yourself. Reichheld notes that managers shouldn't focus on "satisfying" employees. Instead, he says, effective managers develop systems to help employees earn their own happiness.

Likewise, Alexander Kjerulf notes, employees won't follow disingenuous leaders. "Get yourself happy," Kjerulf writes, or else your team won't take you seriously. Nelson recounts how Starbucks corporate leaders invested in training to help employees learn to handle challenging customers. Managers participated in role playing exercises that created stronger bonds across the organization.

Focusing on these four steps doesn't require you to re-engineer your whole company. Think about Kelleher's advice and its impact, and then invest a few moments to ensure your team is happy and excited about taking care of your customers.

*Joe Taylor Jr. has covered personal finance and business for more than two decades. His work has been featured on NPR, CNBC, Financial Times Television, Fox Business, and ABC News. He recently completed a personal finance book entitled *The Rogue Guide to Credit Cards*; (Rogue Guide Books, 2012).*