

Winning Workplaces Case Prospectus

We commonly assume that Americans love nothing more than the satisfaction of a good day's work. In that ideal world, the work week is characterized by accomplishment, satisfaction and a sense of value, and employees are healthy, productive citizens.

But, the reality for millions of Americans is something quite different. While some organizations treat their employees as assets to be nurtured and developed, too many workplaces continue to be governed by a traditional, hierarchical, and in some cases, fear-based management philosophy that values profits over people and largely views employees' needs, desires and well-being as peripheral to business success.

The American workplace that is, unquestionably, a source of our nation's strength is also at the root of considerable burdens for many individuals, families and communities. As study after study demonstrates, trust and respect in the workplace is breaking down – fewer than four in ten employees believe or trust their senior managers.¹ Employees feel little control over their jobs, see little opportunity for growth, and are often torn between work and family. Forces, such as globalization and outsourcing, are adding to uncertain employment and employee detachment.

Work dominates our lives. We spend, on average, 46 hours a week on the job. When the time we spend at our jobs is satisfying and challenging, it invigorates us for the other roles we play. When we leave our workplaces deflated, frustrated and demeaned, we are robbed of the energy and desire we need to optimize our performance as spouses, parents and citizens.

The toll on employees, on their families and communities, and on our economy is staggering. Up to two-thirds of employees say that they regularly experience high levels of stress on the job – a significant and growing public health problem contributing to increases in:

- Drug and alcohol use
- Mental health problems
- Accidents
- Absenteeism

One in three workers has thought about leaving his job because of stress, according to a Northwestern Mutual Life survey. Job stress and its associated problems cost the U.S economy over \$150 billion dollars per year in health care and worker compensation costs, disability payments, and other expenses.

Less visible, perhaps, but even more damaging to American businesses and communities is the fallout from the growing ranks of disaffected workers. Workers who are “disengaged” from their jobs miss over 150 million more work days a year than those workers who feel valued and are committed to their jobs. The drag on the economy from lost productivity is almost \$300 billion per year, an amount roughly equal to the nation's defense budget.

¹ Citations for the research data presented in this case can be found in the accompanying Appendix.

A New Opportunity

There is another way – a path to creating workplaces where employees are respected, trusted and valued and where innovation, creativity, and productivity flourish. Winning Workplaces, a not-for-profit organization, was founded to improve the lives of those in the American workplace, specifically in small and midsize businesses. Our passion and hands-on experience in building great workplaces uniquely positions us to address the issues that directly impact employees, society and the economy:

- **Enhancing employee health:** We hold strongly that Americans deserve dignity, fairness, respect and appreciation in their work environment. We know that workplace practices that encourage employees and employers to communicate openly, that provide employees with some control over their schedules, encourage family-friendly policies, and recognize good performance will reduce stress and enhance employee health.
- **Furthering community development:** We know that organizations with progressive workplace cultures – where people truly are the greatest asset – consistently outperform those where employees are treated as costs and expenses to be minimized. As these businesses become more profitable, they are more likely to create and retain jobs, thereby strengthening the tax base of the community and providing residents with employment. In addition, small and midsize businesses are more likely to be located in low-income and distressed communities, and to employ very young, very old, temporary, and low-income workers, who might otherwise have difficulty securing employment in larger firms. And, as employees and their organizations enjoy success, communities also benefit through increased donations to local charities and support for local philanthropic initiatives.
- **Improving family functioning:** We see how flexible and adaptive workplaces can best respond to the rising number of work hours and changing family structures – and minimize conflicts between work and family. Lack of work/life balance often contributes to poor family functioning. When these issues are properly addressed, employees have the energy and willingness to devote to family obligations, and the functioning and well-being of families improves.
- **Increasing economic growth:** Finally, we know that workers who are more engaged work smarter and are far more productive and efficient. Absenteeism among these workers is less, and loyalty higher. The impact on output and economic development can be substantial: a mere five percent decline in the number of disengaged workers would boost US productivity by \$79 billion.

The Winning Workplaces Approach – Working Closely with Leaders of Small and Midsize Businesses

Winning Workplaces focuses its delivery of products and services on small and midsize businesses, by far the largest segment of the economy, employing 70% of all workers. The role that we are equipped to play, and that philanthropic funding will permit us to accelerate, is to educate small business leaders about their potential to improve employees' lives while protecting and improving their own profits.

The value of small and midsize organizations in driving economic growth is expanding. As large corporations continue to globalize and source labor outside of the U.S., more and more American workers are joining smaller business organizations or starting their own.

The founding of Winning Workplaces followed a two-year feasibility study that proved a significant correlation between progressive people practices, the health and welfare of employees, and the performance of businesses. The study also showed that the fewest resources existed to assist small and midsize businesses, but that interest among employers was extremely high. Winning Workplaces was created to fill the gap in services.

Our History – The Importance of Proven Experience, Dedicated and Knowledgeable Leadership

The founders of Winning Workplaces, Chairman Ken Lehman, Vice Chairman Paul Lehman, and Elliot Lehman know first-hand what practices and policies will work for the special needs of small and midsize employers and employees alike, and have the vision and commitment to help improve the well-being of the American worker. The Lehmans are one of the families that owned and operated Fel-Pro, Inc, a manufacturer of automobile parts located in Skokie, Ill. Fel-Pro was nationally renowned for its innovative and progressive people practices, its product quality and customer service, and its profitability.

The Lehman family believed deeply that if they created a workplace culture in which employees felt respected, valued, and cared for, both they, and the company, would thrive. Over the years, Fel-Pro won numerous awards for its people practices, and in 1998, ranked No. 4 on *Fortune* magazine's list of the 100 Best Companies to Work For in America. During this time, the company grew from a small family business to a firm of more than 3000 employees, with sales in excess of \$500 million per year.

After selling Fel-Pro in 1998, the Lehmans explored forming a not-for-profit organization to help other small and midsize businesses and their employees realize the benefits of progressive workplace practices. Following the two-year feasibility study, the Lehmans identified small and midsize employers as those best positioned to impact people's lives, and, in 2001, launched Winning Workplaces.

Winning Workplaces Programs

We are prepared to make the process of improving workplaces as effortless as possible, and our nonprofit business model allows us to pursue projects with small and midsize business at, or below, cost. Our products and services are designed to encourage, educate and honor decision makers.

- We help employers to assess their workplace's strengths and weaknesses to understand what is working for them and what can be improved.
- We then show employers, through on-site consulting and customized training, how and where adjustments can be made to create the most positive work experience for their employees.
- We identify research, seek out leading experts and pull together the best data, information and workplace practices on our free online information clearinghouse at www.winningworkplaces.org.
- We partner with *Fortune Small Business* magazine and others to recognize and celebrate business leaders who have developed progressive workplace practices.

Why should donors contribute to Winning Workplaces? Why should philanthropic funds be used to help increase a business's profits?

The value of Winning Workplace activities go far beyond the specific businesses helped through our efforts. An outcome of a well-run, people-friendly workplace can be better financial results. But with financially stronger companies come economically stronger communities, workers with more stable and secure jobs, better functioning families, and the higher productivity and customer service that is required to keep our country economically competitive.

- We deliver a range of training programs to organizations on issues relating to building a healthy workplace and have developed nearly 50 “Tool Kits,” easy-to-use-guides that provide practical information to help organizations develop employee-supportive programs.

About Our Business Model

- **Focus Where Needs are Greatest:** Winning Workplaces targets the sector where the impact and needs are greatest and resources the scarcest – small and midsize organizations. The importance of specialized, affordable help cannot be overstated.
- **Encourage Access:** Small businesses are not only reluctant to invest precious resources in assistance from for-profit consultants, they view them with a skeptical eye. As a non-profit, Winning Workplaces charges nominal fees for most products and services that small and midsize employers can comfortably use to create a workplace that fosters happy, healthy and fulfilled workers. Other services are free. The accessibility of our services is critical to our ability to impact workers at small and midsize companies.
- **Strong Initial Funding Support:** To get Winning Workplaces up and running, the New Prospect Foundation, the philanthropic arm of the Lehman family, committed \$2.5 million over a five-year period. The New Prospect Foundation is committed to seeing Winning Workplaces establish itself as an effective, well-known nonprofit resource.
- **Proven Leadership:** Ken, Paul and Elliot Lehman combine passion and a deep, first-hand understanding of what practices and policies will work for the individualized needs of employers and employees alike. They have the vision to inspire other employers to transform their organizations into “winning workplaces.”

Our Needs

To enhance Winning Workplaces’ programming efforts and our outreach capabilities, we are seeking to raise at least \$500,000 in new philanthropic revenue by the end of 2005. To continue leveraging our strengths and adhering to the business model that meets the greatest area of need, Winning Workplaces *must* diversify our donor base and build a formal development program.

Winning Workplaces is one of the only organizations addressing this carefully defined problem – the health of the American workplace. How will we do it? By directly addressing the challenge: that thousands of small and midsize American employers lack the necessary tools and resources to make the workplace a source of strength, inspiration and enthusiasm in place of stress, burnout and conflict. Winning Workplaces understands that hard work is deeply ingrained in the American character. We also know that hard work need not be at odds with other deeply American characteristics: dedication to family, pursuit of education, the quest for happiness and civic involvement.

As the experience of Fel-Pro demonstrates, treating employees with respect, and caring for their welfare, can achieve more than employers ever thought possible. Employers can enhance the physical, psychological, and emotional well-being of their employees and their families. They can inspire their employees to commit their hearts and minds to furthering the organization’s mission. And they can maximize the contribution their organization makes to increasing economic growth, solving social problems, and enhancing the quality of life for us all. This is the essential message of Winning Workplaces – that progressive people practices, are in the words of our motto, “better for people and better for business,” and that it is, after all, possible to do good and do well.

With your input and feedback, we can work to successfully make this vision come true. Thank you for taking time to share with us your thoughts and advice.

APPENDIX: Selected Research Related to Workplace Practices

Trust and Morale in the Workplace

- Survey of 100,000 managers and employees at Fortune 500 companies: Employees at all levels reported that their companies treated them with less respect and consideration than in the past.
- Carnegie Mellon University survey of 400 managers: One third of the managers surveyed indicated that they did not trust their bosses, and 55% did not believe top management.
- 2000 survey conducted of 12,750 employees by human resources firm Watson Wyatt: In all major industry sectors and at all job levels, only 39% of employees at U.S. companies reported that they trusted the senior managers of their companies.
- Study commissioned by the MacArthur Foundation: Employees deeply believe that their personal values are at odds with what is important and worthwhile to their employers.
- Workplace study by the Gallup Organization (2003, 2001): As many as one in three American workers was “actively disengaged” from their work—that is, disenchanted with their employers and actively demonstrating their negative attitude in the workplace. Among the causes cited by employees: felt that supervisors did not care about them as people; did not feel valued or respected; felt that communication between employees and management was poor; did not feel as though their opinions or thoughts mattered.
- July 2003 Conference Board survey of 5000 households: Less than half of the workers in the United States are satisfied with their jobs and their employers.

Stress Levels

- ComPsych survey of employees at 700 companies: 63% of employees reported high levels of stress with feelings of fatigue and being out of control.
- Yale University survey: 29% of employees indicated that they feel “quite a bit or extremely stressed at work.”
- Families and Work Institute survey: 26% of workers surveyed indicated that they are “often or very often burned out or stressed by their work.”
- Northwestern National Life survey: 40% of the employees surveyed reported that their jobs were “very or extremely stressful.”
- Northwestern Mutual Life survey: One in three Americans surveyed thought about quitting work because of stress.

Work-Related Illness

- The National Council on Compensation Insurance: Nearly one-fifth of all occupational diseases are stress-related.
- Handbook of Occupational Health Psychology: High levels of workplace stress are associated with a wide variety of behavioral consequences, including increased cigarette smoking, alcohol and drug abuse, accident proneness, violent behavior, eating disorders, sleep disturbances, sexual dysfunction, family problems, anxiety disorders, and depression.
- National Institute for Occupational Safety and Health: The primary causes of occupational stress are organizational working conditions, including heavy workload, hectic and routine tasks, work that has little inherent meaning, lack of control over job tasks, lack of participation by workers in decision making, poor communication within the organization and lack of family-friendly policies.
- Journal of Occupational and Environmental Medicine: Health care expenditures are nearly 50% greater for workers who report high levels of stress.
- Blue Cross/Blue Shield survey: 80% of workers complained that job stress contributed to anxiety, depression, colds, asthma, and chest pains.

Work-Related Illness (continued)

- Kaiser Permanente analysis of physician visits over a 20-year period: 60% of all physician visits were by patients who had nothing physically wrong with them. Another 20 to 30 percent were by patients who had physical illnesses with a stress-related component.
- Business Week: The cost to American society of stress related problems exceeds \$150 billion a year in health care costs, worker compensations claims, disability payments, and other expenses.
- Preventative Stress Management for Healthy Organizations: In one-six year period, legal claims concerning job stress jumped 531% in California, in contrast to a less than 10% overall rise in workers compensation claims in that state. Job stress awards are three to four times greater than the national average for other claims, and 90% of suits are successful.
- The U.S. Office of Technology Assessment: Stress-related illness may be the greatest public health problem faced by office workers of the future.

Workplace Violence

- American Federation of State, County and Municipal Employees (AFSCME): Work practices associated with workplace violence include low staffing levels; working late at night or early in the morning; working with money or prescription drugs; dealing with heavy amount of customers, clients or patients; and a lack of available services.

Work/Family Balance and Consequences for Children

- San Diego (Calif.) County Education Department: The most accurate predictor of a student's achievement in school is not income or social status, but the extent to which that student's family is able to: create a home environment that encourages learning; express high (but not unrealistic) expectations for their children's achievement and future careers; become involved in their children's education at school and in the community.
- Los Angeles Annenberg Metropolitan Project: When parents are involved, children do better in school and stay in school longer. When a critical mass of parents is involved, the whole school improves.
- Work/Life Compendium 2001: In a 2000 survey of 24,000 employees, 58% of employees reported high levels of work/family role "overload" (feelings of being rushed, drained, or overwhelmed by the pressures of multiple roles), up from 47% in 1990, an increase of almost 25%.
- Current Directions in Psychological Science; Journal of Marriage and Family: In one study, long hours and high demands at work consistently predicted both less positive marital as well as father-child relationships. Similarly, in another study, researchers found that parents' work pressure was associated with poorer development and functioning of their adolescent children.
- Families and Work Institute, 2002: Work/life supports on the job are linked to more positive family outcomes. Employees who had access to flexible work arrangements on the job, had immediate supervisors who were more supportive of their personal and family needs, and who were employed in workplaces with more supportive work/life cultures reported significantly less interference between their jobs and family lives, less spillover from job to home, and fewer mental and emotional problems.

Economic Impact

- Levering, 2000: In one study, researchers found that the companies identified in *Fortune* Magazine's 100 Best Companies to Work for in America list were more than twice as profitable as the average for Standard and Poor's 500, based on both earnings per share and stock appreciation.