THE POWER OF THANKS
How Social Recognition Empowers Employees and Creates a Best Place to Work

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ERIC MOSLEY
and
DEREK IRVINE
Praise for The Power of Thanks

“The best endorsement for The Power of Thanks is simple ‘thanks.’ Thanks for a well written, insightful, useful, and timely book on how leaders can create abundant cultures that deliver employee and company results.”

—Dave Ulrich, Rensis Likert Collegiate Professor of Business Administration, University of Michigan; Partner the RBL Group

“Thank you, Eric Mosley and Derek Irvine for providing practitioners with both the practical and empirical value of appreciation in your book, The Power of Thanks. Through their mix of case studies, anecdotes, and examples, they underscore the role of social recognition in building culture and driving sustainable business performance. Given that – by definition – appreciation is “…an ability to understand the worth, quality, or importance of something,” Eric and Derek have contributed immeasurably to the appreciation of the importance of others’ use of a simple, but significant phrase: ‘Thank you.’”

—Mark Berry, Vice President of People Insights, ConAgra Foods

“A very readable, practical and engaging primer on building a culture of recognition. Indispensable for the practising HR leader.”

—Hayagreeva Rao, Atholl McBean Professor of Organizational Behavior, Graduate School of Business, Stanford University

“All people, in all levels, will benefit from reading this book. It is a reminder that gratitude in the workplace is a critical driver for success – for businesses large and small. Not only does it boost employee morale, it fuels higher levels of performance by making your culture a great one.”

—Rieva Lesonsky, CEO of GrowBiz Media and former Editorial Director of Entrepreneur Magazine

“This book is the equivalent of getting tutored by a world-class corporate culture coach. Its clear, concise, and often eye-opening insight is a road map toward a happier and more productive workforce.”

—John Hollon, Vice President of Editorial, TLNT.com, and the former Editor of Workforce Management magazine

“The simple act of saying thank you, and doing it often, is a brilliant way to bring humanity into the work experience. This book provides tangible and simple ways to make gratitude a priority when interacting with colleagues, creating work environments that are richer, more productive and frankly more fun.”

—Tim Leberecht, author of The Business Romantic and CMO of NBBJ
“The Power of Thanks is a compelling book that makes a convincing argument that recognition and appreciation are the key ingredients required for an amazing high performance culture. With a mix of research, a proven system, and numerous case studies, Eric Mosley and Derek Irvine provide the blueprint for creating a culture of appreciation, which in turn drives higher levels of commitment, performance and loyalty.”
—Kevin Kruse, New York Times best-selling author, We

“Eric and Derek shine an important new light on the value of appreciation in the workplace. Their insights on the effect a simple moment of recognition can have on individuals, teams and overall culture changes the game for HR leaders.”
—Daniel H. Pink, New York Times bestselling author of To Sell is Human and Drive

“At work, nothing matters more than being valued and appreciated. By providing a natural way for people to give and receive recognition, the strategies outlined in this book can help HR leaders drive higher levels of engagement and performance.”
—Adam Grant, Wharton professor and New York Times bestselling author of Give and Take

“The principles in this book have redefined how Hershey’s employees interact across the globe every day. There is immense power in a thank you and well done. Social recognition is not a ‘nice-to-have’…it is part of a winning, vibrant culture that will help deliver sustainable performance and outstanding results.”
—Kevin Walling, SVP, Chief Human Resources Officer, The Hershey Company

“Perfect guide for business leaders in positively tapping the talents of their associates, especially during stressful, turbulent times.”
—Steve Forbes, chairman and editor-in-chief of Forbes Media and bestselling author of Money

“The Power of Thanks isn’t just a book. It’s a greater movement driven by social recognition to show your people how truly important they are to the mission of a company. It’s helped us ‘lift’ our crewmembers to higher levels of performance and engagement by recognizing the most important pieces of our culture: our values and people.”
—Michael Elliott, SVP of People, JetBlue Airways

“Recognition is something we all crave on the inside. When it’s done effectively, in the ways Eric and Derek articulate, it resonates on the outside, driving positive change and moving organizations to enviable levels of success.”
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The Rise of Company Culture

Take everything that’s not so great about air travel. Now think of ways to erase that through extraordinary customer service. “This was the mindset of our founders,” says Michael Elliott, Senior Vice President of People at JetBlue, “when they created a small airline that is now a major player in the airline industry.” Michael adds that the airline’s mission has evolved to simply “inspire humanity” – which starts with treating JetBlue’s employees, all of whom are called “crewmembers,” with gratitude and kindness.

“Our five Values—Safety, Caring, Integrity, Passion and Fun—set us apart from the other guys,” says Elliott. “Together, our crewmembers live these values, and in turn, make the JetBlue experience for our customers unmatchable. We strive to make it a down-to-earth company by hiring kind, hard-working crewmembers. Once they get here, we recognize and applaud them for being the heart of our brand. The Lift recognition program we developed with Globoforce enables us to reinforce our values among our 16,000 crewmembers while also showing them how much we appreciate that they are inspiring humanity one action at a time.”

As they grow, most companies experience the same types of growing pains: costs, complexity, and revenue pressures. Elliott notes, “When you
move from 1,000 to 16,000 crewmembers in just a few years, it is more difficult to recognize somebody for living the values, particularly in an operational climate where a lot of frontline crewmembers work at various airports in our network or 30,000 feet in the air.”

But JetBlue has maintained its culture, and earned 10 consecutive honors from J.D. Power for the highest customer satisfaction among low-cost carriers in North America. That distinction attracts customers who return the love with loyalty.

“Knowing who delivers extraordinary customer service, who truly lives the values, and who contributes to the JetBlue culture is critical,” Elliott concludes. “This provides a competitive advantage for us while keeping our customers happy and our company feeling small as we grow. If we can ensure we are recognizing crewmembers and inspiring them to keep up our exceptional level of service year after year, we can go anywhere.”

* * *

The traditional model of employee loyalty rewarded by lifetime employment is long gone. The traditional method of top-down, command-driven productivity is also long gone. In their place, leading companies have discovered that company culture drives today’s competitive advantage because it inspires the behaviors that create more value through work. Is your organization’s culture inspiring employees to greater achievement?

A distinctive company culture starts with a clear vision, but vision alone doesn’t establish and sustain a culture. That happens when the values inherent in a vision inspire emotions that then drive new behaviors. The right behaviors drive change (the right behaviors are change—of the right kind). And when the new behaviors are encouraged, they affirm the vision that started the cycle. It’s the willingness to apply those values to everyday situations that drives a business vision forward.

Values powered by emotions lead to behaviors that make change. And change affirms the vision and the values. It’s a virtuous cycle (Figure 1.1).

Emotions energize this virtuous cycle. When a manager recognizes an employee’s behavior, personally and sincerely, both feel proud, gratified, and happy. There’s a human connection that transcends the
immediate culture to create a shared bond. The power of this bond is stronger than you might think; indeed, it’s the power that holds together great organizational cultures. Shared values, shared emotions, shared connections—these make organizations as much as they make civilizations.

The careers section of JetBlue’s website declares, “JetBlue’s culture was founded and built on five simple company values—Safety, Caring, Integrity, Fun and Passion—which we use as the basis for all our decisions, in work and life.”

A healthy company culture is the most powerful way to find, build, and keep an engaged, high-performing workforce, which in turn is the only sustainable competitive advantage in today’s global marketplace.

Technology can be acquired or imitated quickly; new strategy can be copied as soon as it’s described in a business journal or blog; capital is available from more sources than ever; and in the world of Internet-based procurement, any large company can acquire goods and services for the best price. Even efficiency and productivity are so broadly understood that they offer only incremental advantage. Yesterday’s differentiators are today’s commodities. In today’s rapidly changing and global marketplace, only an engaged workforce creates sustainable, defensible value.

Are you introducing new customer relationship management (CRM) software, or borrowing $100 million to build a new plant, or implementing...
a new strategic five-year plan? The commitment of your workforce will determine whether those technology, capital, or strategic investments succeed. And culture is the most powerful creator of commitment.

Peter Drucker, one of the greatest management thinkers of the 20th century, stated flatly, “Culture eats strategy for breakfast.” Ford’s COO Mark Fields placed that saying in the company’s war room in 2006, and later we’ll show why that belief was one of the main reasons Ford survived the auto-business meltdown of 2009.

What Is Culture?

Herb Kelleher, the legendary cofounder and chairman of Southwest Airlines, believed “Culture is what you do when people aren’t looking.” It’s how employees behave when they step away from the power relationships in an organization and operate purely on instinct based on their own values. When those values are also shared with the organization, culture is nourished.

Writing in *Harvard Business Review*, Frances X. Frei and Anne Morriss commented, “Culture guides discretionary behavior, and it picks up where the employee handbook leaves off. Culture tells us how to respond to an unprecedented service request. It tells us whether to risk telling our bosses about our new ideas, and whether to surface or hide problems. Employees make hundreds of decisions on their own every day, and culture is our guide. Culture tells us what to do when the CEO isn’t in the room, which is of course most of the time.”

An organization’s culture is so much more than a slogan or poster. Culture is nothing less than the aggregate of tens of thousands of interactions and decisions every day. Leaders of great companies reinforce their values by rewarding and celebrating the behaviors that express those values.

The power of corporate culture was described a few years ago in the influential work of John P. Kotter and James L. Heskett. In *Corporate Culture and Performance* they wrote, “[Corporate cultures] can enable a group to take rapid and coordinated action against a competitor or for a customer.”
Creating a culture means choosing a limited number of values that define the company as surely as its products or logo do, and then encouraging expression of those values in everyday behavior. No single set of values defines culture; greatness lies in authenticity. At Nike and GE, the culture includes keen competitive spirit—not just succeeding but winning. At Apple, designers will not put a power cord on a device that doesn’t look beautiful and seamlessly aligned with the overall design of the product, because fabulous design and obsessive attention to detail are central to the Apple culture. Some firms, like Ryanair and Walmart, thrive on driving down costs, while others, like BMW and Rolex, focus on premium-priced engineering. If you care more about wringing the most value out of every single expenditure, you belong at Ryanair or Walmart, not BMW or Rolex.

What Fuels Culture?

Imagine that a large company decides that it needs to emphasize innovation (a common initiative these days). At this moment, all over the world, employees are trying innovations of all kinds. Sometimes it’s a whole new product idea, and sometimes it’s just a small improvement in an old process. People in customer service build a more customized database of replies to customer questions. People in operations refresh
their Six Sigma certificates. People in marketing create an entertaining video about how to promote the company through social media, and all over the world, people in other departments watch the video and practice that new skill.

Now imagine that every time this happens, someone notices and expresses his or her thanks for the effort. There are little pieces of goodwill happening between people. People are recognizing their colleagues, leaders, and employees for discretionary effort, for living the new company value: Innovation.

The spirit of innovation is becoming part of the company culture, and all of the positive reinforcement is inspiring greater engagement and greater emotional involvement in the staff. Senior leaders notice more discretionary work. People really listen to one another. Formerly timid employees speak up with new ideas. People who used to feel cynical about their chance of making a difference learn that they and their ideas matter, pushing themselves and others to do better. Everyone learns from the recognition received by others what “innovation” looks like in the daily work. People know what’s expected of them and help to create a spirit of innovation everywhere.

As thanks and positive emotions are continuously linked to new behaviors, those new behaviors are sought out and multiply quickly, leading to profound culture change. This is the power of recognizing, celebrating, and reinforcing the right behaviors, attuned to company values. That’s a good description of culture management.

Executive Insight

“I came to see, in my time at IBM, that culture isn’t just one aspect of the game, it is the game. In the end, an organization is nothing more than the collective capacity of its people to create value.”

—Louis V. Gerstner, former Chairman and CEO, IBM
Culture in a Crisis

Culture saved Ford during the economic crisis of 2008 to 2009, when its competitors, General Motors and Chrysler, needed government bailouts to avoid shutting down. There were many reasons Ford stood in a stronger position than GM and Chrysler (including financial preparations and restructuring); principal among them were the moves then Chairman Alan Mulally made when he joined the company from Boeing in 2006. He gave Mark Fields, then COO (now CEO), the task of changing Ford’s culture from the classic industrial-company combination of contention, distrust, and zero-sum negotiations (for me to win, you have to lose) with a set of values and behaviors called “One Ford.” Those values and behaviors amount to a description of the Ford culture, and they include the following:4

- **Working together:** A belief in skilled and motivated people working together, and the expectation that everyone will respect, listen to, help, and appreciate others. Everyone’s contribution is respected.
- **Modeling values:** Having a can-do, find-a-way attitude, and enjoying the journey and each other (“have fun—never at others’ expense”).
- ** Delivering results:** Dealing positively with business realities—inspiring others, holding oneself and others responsible and accountable.

That last set of values is particularly interesting as a cultural note. Ford sees a culture of positivity, inspiration, and accountability not as a feel-good, nice-to-have part of the company but as essential to delivering results. One Ford includes tactical imperatives like “process discipline” and “technical excellence” (and those are also part of the culture)—but Mulally, who was brought in specifically to turn a troubled Ford around, emphasized the importance of everyone’s personal commitment when he told *McKinsey Insights* in November 2013, “Some prefer to work in a different way. Ultimately, they will either adopt the Ford culture, or they will leave.”5

Ford was hit hard by the Great Recession—sales dropped dramatically for every car company in 2008–2009—and Ford employees endured their share of economic pain. But armed with Drucker’s admonition that
culture eats strategy for breakfast, Ford’s culture equipped it to come back quickly, with lower costs, better products, and a spirit of teamwork and shared sacrifice as well as shared rewards. In the five years from 2009 to 2014, the S&P 500 stock index doubled (as did the stock prices of Ford competitors like Toyota and Honda); General Motors emerged from bankruptcy, and its shares in late 2013 were about 10 percent above their 2009 value. Ford’s share price in that five-year period rose more than 1,000 percent!

Culture is also at the heart of many business disasters, from the inability to change, innovate, or evolve (such as the “innovator’s dilemma” described by bestselling management scholar Clayton Christensen) to cultures that stress business results at the expense of customers, society, and ethics (such as the shenanigans that led to the worldwide financial panic of 2008). Disgruntled employees, disappointed shareholders, and turned-off customers can feed a downward spiral from which a company never recovers.

The details change, but at the heart of great corporate successes and failures is a single observable phenomenon: the behaviors and values that constitute a company’s culture largely determine its fate.

**Culture as a Competitive Advantage**

A strong organizational culture is a competitive advantage in its own right. It attracts talent. It promotes a winning spirit of optimism and energy. It bonds a diverse, global workforce of individuals into a common cause, language, and set of values. It earns the trust and goodwill of customers, which is important at all times and critical in a crisis.

Today’s business world moves so quickly, and available information is so abundant, that speed and data overload combine to confound clear decision making. Shared values offer guidance through the storm—a true north for executives and employees making daily decisions in an ever-changing environment. That clarity contributes to making the right decisions and taking the right actions—a competitive advantage over organizations that don’t have the true north of authentic, shared values.
The rise of Company Culture

If you are constantly talking about your culture, constantly seeking to teach people about your culture, talking culture at your people rather than pointing it out over and over as it is happening, it probably means the culture you want isn’t fully part of your company’s life. Culture must be something that truly is part of the DNA of the company, and the surest test is to observe whether employees’ behavior reflects the desired culture without prompting.

When culture is alive and authentic, the employees understand it and are themselves responsible for it. Employees know what to do (tasks), how to do it (values-based behaviors), and why they should do it (impact on strategic company goals). Furthermore, they commit to the culture with loyalty and energy (emotions). When cultures are active and alive, even people applying for jobs will be able to articulate key elements of the company’s culture. They’ll reference it in interviews and tell you the culture is a big reason they’re attracted to the company. (The employment website Glassdoor recently found that 90 percent of employees surveyed would consider leaving their current jobs if offered another role with a company that had an excellent reputation.)

This kind of clarity doesn’t come from reading a brochure or glancing at the plaque in the lobby. It comes from steadily observing which

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**Engaged Employees Are Long-Term Employees**

It’s a management truism that engaged employees are the greatest competitive advantage. Yet survey after survey, article after article, show that the majority of employees are ready and willing to jump ship. Towers Watson and WorldatWork found in 2013 that “Almost six in 10 companies report difficulty retaining critical-skill employees; similar proportions have difficulty retaining high-potential employees and top performers.”

What are you doing to show you appreciate your employees today and value their contribution over the long term?
behaviors are rewarded and why, day in and day out, in every division, corridor, and loading dock around the world.

Clarity and commitment are hard to achieve. An executive insight analysis by Bain & Company in 2006 found that even though business leaders know culture focuses and engages employees, only 15 percent of companies actually had high-performance cultures. And again, this is a big reason for turnover. The Globoforce Fall 2012 Workforce Mood Tracker™ Survey found that 83 percent of employees departing a company rate culture as important in looking for a new job; only 45 percent of departing employees feel their old company had a positive culture.

Recognizing Culture with a Culture of Recognition

At a company like JetBlue, senior executives demonstrate and model their cultural values. In the early years of JetBlue, founder and CEO David Neeleman occasionally took the job of a cabin crewman, serving customers to demonstrate they came first, even before the CEO.

When we talk to HR leaders at companies that really want to manage their cultures, they tell us, “Our CEO isn’t giving this lip service. He (or she) has outright demanded this happen; this is the way we will behave at the company. We are moving ahead with improving and managing our culture, and everybody is paying attention.”

The CEO and HR set the task and the tone, but just as culture is what people do when nobody’s watching (or at least when the boss isn’t watching), how can culture permeate the beliefs and behaviors of every person in an organization? There are several ways, but only one of them is sustainable.

1. The CEO and HR can dedicate every moment of their working lives to promoting company culture.
2. The company can find and hire only people who already completely understand the right culture and will instinctively follow it with no prompting.
3. The company can adopt the practice we call *a culture of recognition*, in which every single employee is responsible for saying “Thanks!”—recognizing, celebrating, appreciating, and promoting the desired cultural values.

We have spent more than a decade studying and crafting a set of practices, beliefs, and values that enable culture to thrive. You might call it an operating system for company culture—an enabling technology for proactive culture management. It is a *culture of recognition*, which is a set of beliefs, habits, and values that affirm and drive all other values, actions, and results of a company.

- Do you want more teamwork?—Then recognize it!
- Do you need innovation?—Then celebrate it!
- Do you want employees to give extra effort (engagement)?—Then acknowledge it!
- Do you believe every expression of a company value is important?—Then appreciate it!

A culture of recognition engages, energizes, and empowers employees; it can mean the difference between failure and success for companies in today’s hypercompetitive marketplace. A culture of recognition propels your organization’s unique culture ahead. By doing so, it also drives performance and profits.

Senior executives in the C-suite and HR are too busy for Option 1, and Option 2 is almost impossible. That leaves Option 3, and that’s what the rest of this book is about.
ABOUT THE AUTHORS

Eric Mosley
As cofounder and CEO of Globoforce, Eric Mosley has been directing the path of Globoforce as the innovator in the employee recognition industry since the company’s beginning. His vision to raise recognition from a tactical, unmeasured, and undervalued effort to a global, social, and strategic program with clear measures for performance and success is now being realized in some of the world’s largest and most complex organizations. Eric continues to shape the vision of innovation for the company and the industry.

As a recognized industry leader, Eric has personally advised some of the largest and most admired companies in the world. His insights have been published in such leading publications as Fast Company, Forbes, Fortune, Harvard Business Review, The Sunday Times, and Time magazine, and he has presented at industry and investment conferences across the world. Eric is also the author of the recently released McGraw-Hill title, The Crowdsourced Performance Review.

Derek Irvine
As Vice President, Client Strategy and Consulting at Globoforce, Derek leads the company’s strategy and consulting division. In this role, he helps clients, including some of world’s most admired companies, leverage proven recognition strategies and best practices to elevate employee engagement, increase retention, and improve bottom-line results. Derek is one of the world’s foremost experts on employee recognition and engagement, helping business leaders worldwide set a higher vision and ambition for their company culture. As a renowned speaker and author
of the acclaimed blog Recognize This!, he teaches HR and business leaders how to use recognition to proactively manage company culture. His viewpoints and writings are also regularly featured across major HR publications including Workspan, HR Magazine, Human Resources Executive, Talent Management, and Workforce Management.
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How to Use the Power of Social Recognition to Transform Employee Performance

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