

BUILDING RESILIENCY: THE NEW BUSINESS IMPERATIVE



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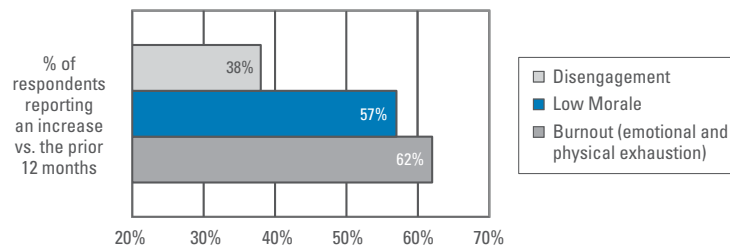
When asked to identify the greatest performance obstacle for 2010–11, nearly 75% of the sampled executives cited the ever-increasing demands of the workplace as their top nemesis.¹

With three quarters of the workforce feeling the demand on their energy this year will exceed what they have to give, analysts wonder how this plays against the trend of company leaders, keen to emerge from the Great Recession, relying on the discretionary effort of their workers to push through a company's challenges. The latest data suggests that well has run dry.

Employees are well aware that their energy is a limited resource and when the funds in their energy accounts become depleted, their ability to rally their talent and skill gets compromised. Sadly, the fallout from this type of energy crisis extends far beyond physical performance levels.

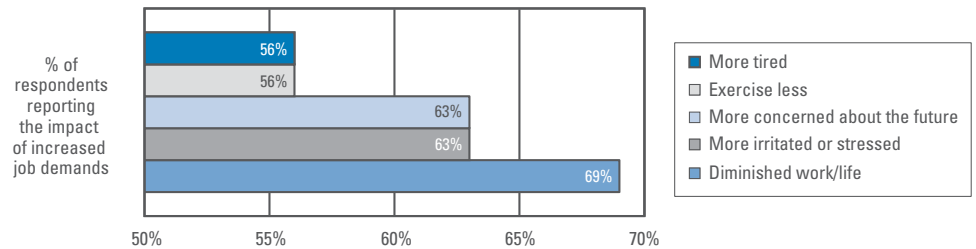
The Human Performance Institute, Inc. (HPI) has more than 30 years experience consulting tens of thousands of business leaders. In 2010, HPI initiated a new study of business executives to understand the extent of damage done to workplace resiliency in recent years. The study uncovered some sobering statistics.

More than 62% of respondents report a rise in emotional or physical burnout in 2009 compared to the previous 12 months. Fifty-seven percent report a significant drop in morale and 38% report greater disengagement.



¹ Human Performance Institute National Survey of 358 senior executives across 190 organizations (respondents predominately Fortune 2000 – with over 1/3rd from Fortune 500). December 2009 – February 2010

When asked specifically about the impact of increased job demands, 63% of respondents reported that they are more irritated and stressed and 56% are exercising less, opening the door to increases in sedentary activity, obesity and related illnesses. Sixty-nine percent report a serious erosion of their work/life balance. Most critically, 78% fear they personally lack the capacity to take on any new challenge.



While leaders anticipate overcoming current conditions and prevailing over economic woes, nearly 80% of their workers expect to fail before they begin! The current stress load on employees is enough to make them sick, literally.

American Psychological Association’s *Stress in America* poll confirms the HPI findings, showing that three out of four adults report experiencing moderate to high stress with almost half saying it increased in the last year.² These numbers take on added significance when you consider that outside the United States, only 39% of workers cite increased stress as a significant problem, according to the third annual Robert Half International *Global Financial Employment Monitor* of 4,800 managers across 21 countries.³

**IT’S A CRISIS – A HUMAN ENERGY CRISIS – OF MASSIVE DIMENSIONS.
AND THE ECONOMIC CONSEQUENCES ARE ALARMING.**

A 2007 Milken Institute study⁴ estimates that lost workdays and lower productivity from chronic diseases costs businesses more than \$1.3 trillion annually. Of this amount, lost productivity totals \$1.1 trillion per year, while another \$277 billion is spent annually on treatment.

With exercise declining and poor eating habits rising as people imbibe a cocktail of fast food, caffeine, fad diets and energy drinks, chronic illnesses such as diabetes, cancer, obesity and cardiovascular disease represent risk for businesses everywhere. Three of every four dollars spent on healthcare in the U.S. today goes to manage chronic illness. Medical experts freely admit that 70% of this cost⁵ is entirely preventable with only small changes to workplace behavior and programs.

² <http://www.apapracticecentral.org/update/2009/11-23/stress-survey.aspx>

³ 2009–2010 *Robert Half Global Financial Employment Monitor*, www.roberthalf.com

⁴ DeVol, Ross and Bedroussian, Armen, *An Unhealthy America: The Economic Impact of Chronic Disease*. Milken Institute.

⁵ *At a Glance 2009: Chronic Disease*, Centers for Disease Control and Prevention (CDC)

The Milken Institute study explored this further and concluded that just modest improvements in preventing and treating the causes of disease could not only reduce costs but also increase the nation's gross domestic product by \$905 billion due to direct productivity gains. Lowering the obesity rate alone could mean a productivity surge of \$254 billion.

IT'S THE INEXTRICABLE LINKS BETWEEN EACH PERSON'S BODY, MIND AND SPIRIT THAT SUGGEST CORPORATE PERFORMANCE RELIES MORE ON THE HEALTH OF A COMPANY'S WORKERS THAN PREVIOUSLY THOUGHT.

WORKFORCE RESILIENCE

Some employees rise to the challenges and make lemonade from even the sourest of lemons. But significant numbers of people seemingly collapse. The difference between these two responses is the level of *resilience* the individual brings to the workplace.

Resilience is a person's capacity to respond to chaotic disruption and unforeseen change, by bouncing back with speed and grace. Like the principle for how you build and strengthen muscles in the body, resilience is an *acquired* ability to skillfully oscillate between cycles of stress and recovery. Stress is energy-out and recovery is energy-in. Both are essential ingredients in the formula of resiliency. Managing stress means ushering the restorative forces of healing and renewal thereby rebuilding energy reserves. One of the best measures of resilience is speed of recovery.

Stress is one of the most demonized and misunderstood concepts in the world. However, stress is essential and vital to growth. All too often the culprit of our ills is not excessive stress but rather insufficient recovery. When we drain our mental, emotional, and physical reserves and don't honor the need for recovery, the results can be catastrophic. Every bio-potential in the human physiology is oscillatory; ECG or EKG in the heart, electromyographic activity in the muscles, etc.

The human system works best when it is in wave form, meaning fully on and fully off. Stress is the stimulus for growth, and growth and resiliency actually occur during episodes of recovery. When individuals do not properly honor the recovery process, the demands they inevitably face daily become insurmountable. Inadequate emotional recovery breeds negativity, mood swings and irritability. Inadequate mental recovery breeds poor concentration, sloppy thinking and mental mistakes. Spiritual fatigue not balanced by recovery can open the door to a host of character lapses which conflict with your core values.

LESSONS FROM THE MILITARY

Napoleon was quoted as saying that “the first virtue in a soldier is endurance of fatigue; courage is only the second virtue.” Physical fatigue in combat stress erodes mental, emotional, and spiritual strength and is, therefore, the arch enemy of high performance. Much of how the military trains its warriors to improve resilience transfers to the corporate world.

In WWI, Swank and Marchand found that after 60 days of consecutive combat, 98% of infantry soldiers were likely to become a psychiatric casualty of one form or another.⁶ More recently, repeated deployments into Iraq and Afghanistan have also underscored the importance of resiliency as a protection against Post Traumatic Stress Disorder (PTSD). What the military has learned is that a key element in successful redeployments is carefully administered doses of strategic recovery following the stress cycles. The more traumatic the stress cycle, the more critical are the episodes of balancing recovery or rest. The recovery phase is where growth occurs and where resiliency is created.

When there is prolonged energy expenditure without breaks, the body ultimately responds with a backlash of forced recovery. Referred to as the parasympathetic backlash, this typically takes the form of overwhelming weariness, exhaustion, sleepiness and disengagement.

Military leaders know that one of the greatest dangers exists following a long and protracted victory struggle where no opportunities existed for recovery during the battle. Immediately following the successful assault, soldiers typically become physiologically and psychologically compromised making the entire combat unit very vulnerable to counter attack. The continuous expenditure of energy eventually exhausts the body's capacity to produce energy with the consequence being prolonged physical and emotional exhaustion. The body's energy producing reserves simply burn out. The resulting involuntary shut down is survival-based and marshals a form of forced recovery to preserve life. One way this manifests is soldiers may fall into an involuntary deep sleep despite the perilous condition. The driver of debilitating fatigue is the complete absence of even short cycles of energy recovery and restoration.

So the key to building resiliency is to incorporate strategic recovery in your life. Both in military and business circles, the notion of taking breaks for renewal and regeneration is a hard pill to swallow. In many instances, taking breaks is perceived as a sign of weakness. The notion that "breaks are for whimps" tends to capture the prevailing attitude by leaders. However, without question, cycles of stress must be balanced with cycles of recovery if resiliency is to be built and sustained.

Enlightened companies are starting to understand. For example, North Carolina-based SAS is the world's largest privately owned software company, employing more than 10,000 people around the world. CEO Jim Goodnight, who founded the company from his garage in 1976, is a contrarian leader who believes in giving staff a challenge, but also encourages downtime to engender recovery. Recovery is a key lever for resilience. SAS offers flexible hours to take care of family, healthy eating options to keep concentration levels high, full fitness facilities, and manicured grounds for impromptu games of sport.⁷

SAS's generous provision of healthcare, childcare, education and other mechanisms to maintain its human capital is something most CFOs would balk at, but the results speak for themselves. Now in its third decade of double-digit growth, boasting better than 90% customer retention and among the lowest staff churn in its industry, SAS recently ranked number one in *Fortune Magazine's* awards for the best places to work in 2010. Results like these demonstrate how the body is directly business-relevant.

⁷ <http://www.sas.com/news/preleases/FortuneRanking09.html>
<http://www.sas.com/corporate/sasfamily/extras/index.html#menus>

POWERING UP THE GENIUS

Most organizations hire people for the “software” in their minds, all that intelligence, wisdom and genius that resides between their ears. However, that software will simply lie dormant unless it’s properly powered up. Figuratively, the body is the operating system and power supply. And some progressive organizations are beginning to understand that the concept of the Whole Person is critical. You can’t divide a person up and say, “I just want everything from the shoulders up.” Organizations are buying the whole package and that package has feelings, emotions and the need for oscillation to unleash the full potential of the individual.

The HPI study shed further light on this. Ninety-eight percent of workers surveyed feel their company bears a responsibility for instituting programs to improve staff resiliency. Eighty-seven percent feel senior leaders should play a more active role fostering new programs for staff resilience. Indeed, 78% of leaders claim concern for their people’s capacity to manage work demands in the year ahead, and 71% of people believe employee energy reserves are critical to achieving high performance. Yet at the time of publication, only 55% of companies surveyed are doing anything at all about it, and even within these communities, 62% of employees still feel burned out, suggesting not all resilience and energy programs are created equal.⁸

END WORD

Our conclusion is that America’s employees are not equipped to deliver employer’s goals for growth in 2010 and beyond. Almost 80% of workers surveyed don’t believe they can meet the demands placed on them.¹ Chronic illness, depression, work-induced stress and an eroding work/life balance are continually cited as chief causes. Building individual and organizational resilience represents a significant competitive edge for businesses. Perhaps most importantly, organizations that implement human resiliency programs send a powerful message to their employees that the leadership cares about them as individuals – that the leadership wants to provide stakeholders with tools to help them successfully navigate both their professional and personal storms.

A free assessment to test your own level of engagement and resilience is available at: http://corporateathlete.com/assessment_profile.html.

¹ Human Performance Institute National Survey of 358 senior executives across 190 organizations (respondents predominately Fortune 2000 – with over 1/3rd from Fortune 500). December 2009 – February 2010

⁸ R. Douglas Scott II, economist, Division of Healthcare Quality Promotion, National Center for Preparedness, Detection and Control of Infectious Diseases, CDC. March 2009.

ABOUT THE PUBLISHER

The Human Performance Institute, Inc. (HPI) is a part of the Johnson & Johnson Family of Companies and the Wellness and Prevention business. HPI is the leader in delivering a unique science-based energy management training designed to help leaders and their organizations achieve and sustain high performance under pressure. HPI brings to the professional world 30 years of proprietary research and training with elite performers in high stress arenas in business, sport, medicine and military operations.

The Institute was co-founded by renowned performance psychologist Dr. Jim Loehr, author of 14 books including the national bestseller *The Power of Full Engagement*, and internationally recognized authority on human performance, Dr. Jack Groppe, author of *The Corporate Athlete*.

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