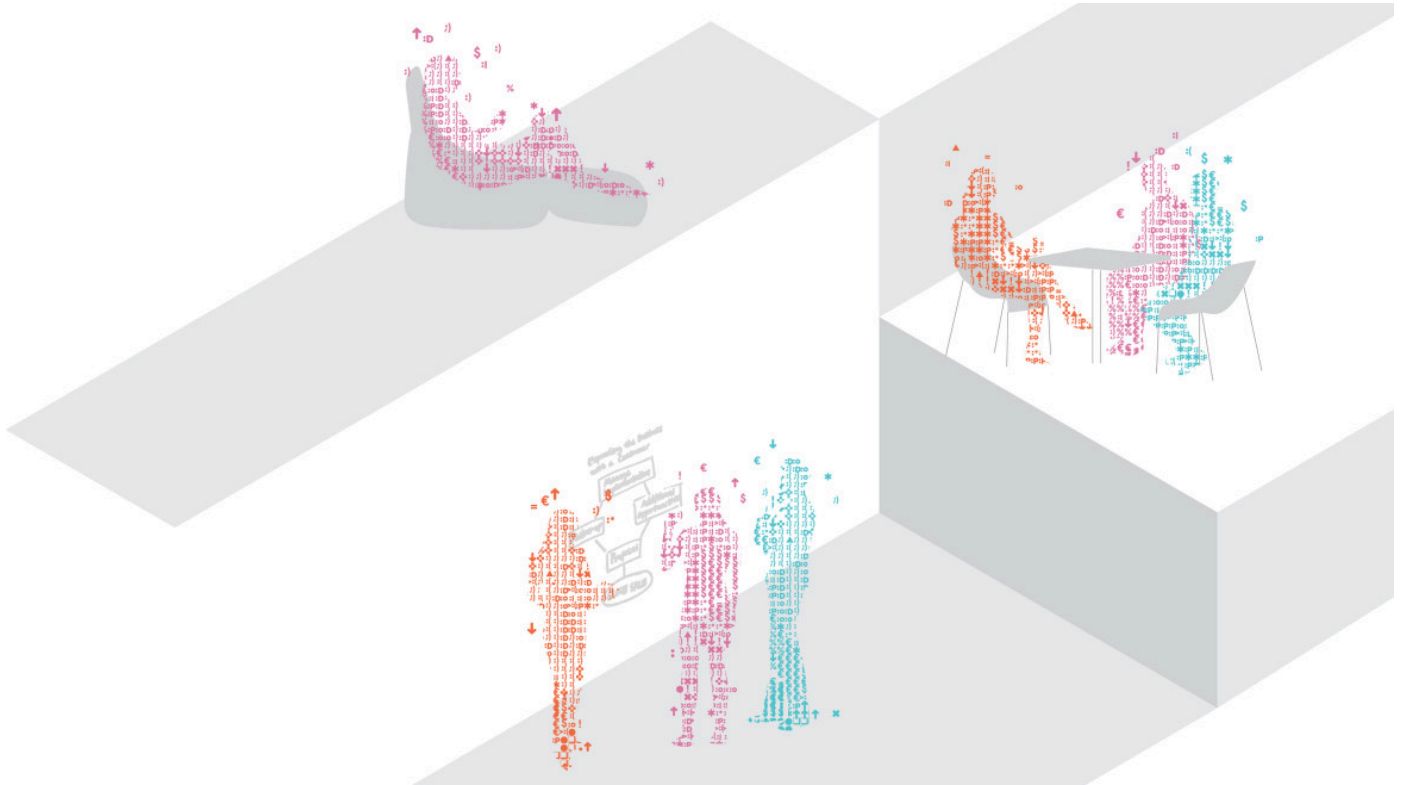


## Wellbeing: A Bottom Line Issue

**Driving the need for these skills is the complexity of problems that organizations face today, and the demand for innovation that is no longer the turf of elite, top brands.**

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### HOW FEELING GOOD AT WORK DRIVES BUSINESS PERFORMANCE

When IBM asked CEOs around the world to identify the most important leadership traits needed today, their answer was resounding: collaborative, communicative, creative and flexible. CEOs are seeking “employees with the ability to constantly reinvent themselves. These employees are comfortable with change; they learn as they go, often from others’ experiences,” notes the study. Driving the need for these skills is the complexity of problems that organizations face today, and the demand for innovation that is no longer the turf of elite, top brands. Innovation is critical to drive bottom line results.

But here's the new dilemma that CEOs face: collaboration, communication, creativity and flexibility are a set of behaviors that require leadership skills, metrics and mindsets that are different from what many business leaders have learned in the past. For decades, business schools churned out young leaders who were well trained in areas such as logistics, supply chain management, analysis and the like. Only recently are organizations recognizing that those business fundamentals aren't enough on their own. They also need to create an environment and culture in which the necessary new behaviors can thrive.

**Fostering creativity and innovation requires a new strategy that might take some business leaders by surprise—a rigorous focus on organizational and employee wellbeing.** Rath and other leading thinkers on the topic point out that employee wellbeing is a distinctly different notion than “wellness,” which focuses narrowly on physical health and is currently the primary area where businesses turn their attention. In the United States, wellness programs have been driven by the need to control health care costs commonly borne by the employer. In other countries around the world, businesses and governments are also seeking to control the rising economic costs of physical and mental illness in the workforce.

**“The most successful organizations are now turning their attention to employee wellbeing as a way to gain emotional, financial and competitive advantage.”**

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**TOM RATH**

## **AN ASSAULT ON WELLBEING**

Organizations have strong reasons to be preoccupied with physical wellness, given its clear connection to costs. Worldwide, rates of heart and lung disease, diabetes and obesity are rising sharply. The United Nations Food and Agricultural Organization (FAO) found Mexico has a 32.8% adult obesity rate, surpassing the U.S. at 31.8%. There are now about 1.5 billion overweight people in the world, and at least 25% of them are in China, according to the Duke University Global Health Institute. In Mexico, Type 2 diabetes is the leading cause of adult deaths, says a 2011 study by the World Economic Forum and Harvard School of Public Health.

At the same time that declining physical health poses a growing risk for employers, the ubiquity of technologies is driving people to multitask like never before, leading to cognitive overload. According to author, researcher and Harvard educator Shawn Achor, our senses receive 11M bits of information every second, but the conscious brain can effectively process only 40 bits of information. Switching from one task to another makes it difficult to tune out distractions and can cause mental blocks that reduce a person's productive time by as much as 40%, according to research reported by the American Psychological Association.

In addition to cognitive costs, stress is a strong contributor to the explosion of “developed nation” diseases throughout the world. Rapid changes in the work people do, the tools and the technology they use have made work more complex, demanding and stressful. “How fast” and “how much” have taken on new dimensions, and work easily blends into life away from the workplace. These factors are all powerful catalysts for employee burnout and other signs of ill-being, making wellbeing a form of risk management.

In the United Kingdom, research by the Centre for Mental Health puts the costs of mental health-related presenteeism (at work physically but unproductive mentally) at £15 billion per year—almost twice the cost of absence. The European Agency for Safety and Health at Work cites stress as a factor in at least half of all lost working days. Stress in the workplace is now emerging in the developing world, too, according to a 2011 report in *Le Monde* newspaper: “Countries from Asia and the southern hemisphere are now carefully—and officially—looking at the psycho-social problems and economic consequences linked to work-induced stress.”

To understand the positive drivers of wellbeing, Steelcase WorkSpace Futures researchers in Europe, North America and Asia recently delved deeply into the topic, exploring the role of the physical workplace in shaping employee behavior to foster wellbeing. After synthesizing years of Steelcase primary research and investigating globally diverse notions of wellbeing, the team came to a distinct conclusion: Wellbeing is systemic and holistic, integrating many dimensions, including the physical, cognitive and psychological needs of people. The team went on to conclude that the places where people come together to work can be designed to have a positive impact on a variety of dimensions of worker wellbeing.

“Bad health outcomes can lead to poor business outcomes in regard to absenteeism, presenteeism, accidents and increased costs, so there’s been significant focus on prevention,” says Beatriz Arantes, a Steelcase researcher who co-led a recent exploration of worker wellbeing. At the same time, Arantes says, there’s a growing awareness that being focused on wellbeing as a defensive measure has limited impact as a business strategy.

“Physical wellness is a critically important area of concern,” notes Nicholas de Benoist, who collaborated with Arantes and others in Steelcase’s exploration. “But focusing on just physical wellness can actually be detrimental to people’s overall wellbeing. At an organizational level, a myopic attention to physical wellness only misses the bigger business opportunity: Employee wellbeing is a critical pathway to achieving the creativity and innovation that organizations require to be successful today.”

And progressive employers are getting the message. “Today we’re seeing a surge of interest in wellbeing with some organizations in a more proactive sense,” notes Arantes. “Companies are interested in driving greater innovation. They’re betting they can reap positive results with a more creative, engaged and innovative workforce. In a knowledge-based, global economy, investing in wellbeing is completely in the interest of doing business.”

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1/3 of workers in 17 of the world’s most important economies is disengaged, according to new research from Steelcase. Working with global research firm Ipos, the Steelcase Global Report is the first to explore the relationship between engagement and the workplace.

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