

Introduction

IN 2008, Google accomplished a rare feat among companies in any industry. Perched in *Fortune* magazine's lofty ranks of the top five most admired companies in America, Google also ranked among the top five of the magazine's best companies to work for. Millions of people around the world used Google's search engine daily, and ad revenues streamed in at an astonishing rate. The company's Mountain View, California, headquarters took on almost mythical status, tempting many business observers to assume that lavish perks led to employees' outstanding performance.

Media accounts made the ten-year-old Internet powerhouse seem like an employees' paradise, albeit one that relied on fabulous wealth. World-class chefs served up three free meals a day in several cafés spread across the two dozen buildings of the Google campus. Hourly shuttles with Wi-Fi access transported employees, free of charge, between Mountain View and San Francisco. Ping-pong games enlivened workdays, dogs tagged by their owners' sides, and the free state-of-the-art gym never closed. How could other companies possibly aspire to this double nirvana of business success and employee delight?

Our research shows how. And the secret is not free food or athletic facilities. The secret is creating the conditions for great *inner work life*—the conditions that foster positive emotions, strong internal motivation, and favorable perceptions of colleagues and the work itself. Great inner work life is about the *work*, not the accoutrements. It starts with giving

people something meaningful to accomplish, like Google’s mission “to organize the world’s information and make it universally accessible and useful.” It requires giving clear goals, autonomy, help, and resources—what people need to make real progress in their daily work. And it depends on showing respect for ideas and the people who create them.

As Google founders Larry Page and Sergey Brin said during the company’s magical early years, “Talented people are attracted to Google because we empower them to change the world; Google has large computational resources and distribution that enables individuals to make a difference. Our main benefit is a workplace with important projects, where employees can contribute and grow.”¹ In other words, the secret to amazing performance is empowering talented people to succeed at meaningful work.

This book reveals just what that means—for any enterprise. We have written the book for leaders and aspiring leaders curious about inner work life and what they can do, day by day, to support the kind of inner work life that leads to extraordinary performance—an inner work life marked by joy, deep engagement in the work, and a drive for creativity. We incorporate, and expand far beyond, our previous writings on these issues in *Harvard Business Review* (“Creativity Under the Gun,” “Inner Work Life,” and “Breakthrough Ideas for 2010: 1: What Really Motivates Workers”).²

Drawing on over thirty years of research, this book focuses on a recent study that looked deeply inside seven companies, tracking the day-by-day events that moved the inner work lives of their people. Although we did not study Google, we did include one company that achieved Google-like success, reigning at the top of its industry for years and breeding highly motivated employees who are proud of their work and enthusiastic about the company. Another one of those companies set the low point of our study; consistently frustrated in their work and disgusted by their organization, its employees despaired as they watched their company’s fortunes wane like the *Titanic* sinking beneath the Atlantic.

Throughout this book, you will see many examples of poor management that could ultimately cause companies to go under. This is not

because we think managers are evil or incompetent, but because management is both very difficult and critically important. We value the work of good managers, and our aim is to help managers improve by highlighting hidden pitfalls. Management, when done well, can propel an organization toward success while enhancing the lives of people working within it. And when managers accomplish these two goals, their own inner work lives will be uplifted.

Too often, our culture and our organizations place managers and subordinates in opposition. Witness the wild popularity, in the first decade of this century, of the television show *The Office* and the comic strip *Dilbert*. But we have found that this is a dangerous stereotype. In this book, you will also see good managers who transcend the stereotype. Such leaders are crucial to effective organizations because they serve as a powerful positive force supporting employees' inner work lives.

As inner work life goes, so goes the company. We discovered that people are more creative and productive when they are deeply engaged in the work, when they feel happy, and when they think highly of their projects, coworkers, managers, and organizations. But there's more. When people enjoy consistently positive inner work lives, they are also more committed to their work and more likely to work well with colleagues. In other words, work-related psychological benefits for employees translate into performance benefits for the company.

Conventional management wisdom is way off track about employee psychology. When we surveyed hundreds of managers around the world, ranging from CEOs to project leaders, about what motivates employees, we found startling results: 95 percent of these leaders fundamentally misunderstood the most important source of motivation. Our research inside companies revealed that the best way to motivate people, day in and day out, is by facilitating *progress*—even small wins. But the managers in our survey ranked “supporting progress” dead last as a work motivator.³

In this book we will share our surprising research discoveries and illuminate the right track for every leader eager to bring maximum benefit to employees and to the company.

Revealing Inner Work Life: Scenes from 12,000 Days

We never intended to study inner work life. One of us, Teresa, has spent thirty-five years researching creativity at Stanford, Brandeis, and Harvard, focusing initially on how the social environment—including the work environment—can influence creative output. At Harvard Business School, that interest evolved into a pair of burning questions: how do positive and negative work environments arise, and just how do they affect people’s creative problem solving? Steven, a fellow psychologist who studied problem solving at the University of Virginia, Vanderbilt, and Brandeis, became captivated by this same question through hours of conversation with Teresa.

As we delved deeper, we realized that we could unravel the mystery of what really affects workplace creativity only by understanding the human stories behind inner work life: what happens to people’s thoughts, feelings, and drives as they try to solve complex problems inside companies? This book, and the research program behind it, resulted from a confluence of these questions and our personal lives.

We have been married now for over twenty years. During those years, we have often discussed how our fathers built their own small businesses—businesses that not only succeeded but also brought much joy and pride to their employees. We have often pondered how they managed to pull it off, through good economic times and bad. We have been dismayed at how few modern organizations sustain both highly creative, effective performance and high employee satisfaction over the long run. We realized that, in probing inner work life, we might also discover what really makes the difference between organizations that pull off these feats and those that don’t.

To get answers, we opened a window onto the thoughts, feelings, and motivations of people as they did their work every day. We spent years looking through that window, discovering the rich, complex world of inner work life, how it fluctuates as events at work change, and how it influences performance every day.⁴ We invite you to look through that

window with us and see the daily inner work lives of employees trying to do creative work. You will see how they perceive and react to the actions of managers, their colleagues, the organization, and even the work itself. Our focus on the inner work lives of *employees*, not managers, is designed to show you something you would typically never see. In the last chapter, we round out the picture by turning to the inner work lives of managers.

This book is the fruit of our psychological exploration. Searching for partners in that enterprise, we recruited 238 people in 26 project teams in 7 companies in 3 industries. Some of the companies were small startups; some were well established, with marquee names. But all of the teams had one thing in common: they were composed primarily of knowledge workers, professionals whose work required them to solve complex problems creatively. Most of the teams participated in our study throughout the course of a particular project—on average, about four months. Every workday, we e-mailed everyone on the team a diary form that included several questions about that day. Most of those questions asked for numerical ratings about their inner work lives—their perceptions, emotions, and motivations during that day.

The most important question allowed our respondents free rein: “Briefly describe one event from today that stands out in your mind.” The event had to be relevant to the work in some way, but the diary narrative could describe any kind of positive, negative, or neutral event—ranging from the actions of managers and coworkers, to the person’s own behaviors, to something that happened outside of work. To maximize candor, we promised complete confidentiality—which is why we disguise the identities of all companies, teams, and individuals in the book. (We collected much additional data besides the e-mailed diaries. You can find more details about every aspect of the research in the appendix.)

Amazingly, 75 percent of these e-mailed forms came back completed within twenty-four hours, yielding nearly 12,000 individual diary reports. These daily journals turned out to be a researcher’s goldmine, giving us something that no researcher had enjoyed before—real-time

access to the workday experiences of many people in many contexts over a long period of time. Several performance measures indicated that some of these people, and some of their teams, ended up doing very well; some did very poorly.

Inner Work Life Discoveries

The daily journals revealed what made the difference. They were a porthole showing what many managers, such as the captains of that *Titanic*-like company, are seldom able to see:

- Inner work life is a rich, multifaceted phenomenon.
- Inner work life influences people's performance on four dimensions: creativity, productivity, work commitment, and collegiality. We call this *the inner work life effect*.
- Inner work life matters for companies because, no matter how brilliant a company's strategy might be, the strategy's execution depends on great performance by people inside the organization.
- Inner work life is profoundly influenced by events occurring every day at work.
- Inner work life matters deeply to employees. A testament to this is the extraordinary participation of the volunteers in our research, who completed the diary form day after day, for no more compensation than the insight they would gain into themselves, their work, and their team's work.

In addition to revealing how much inner work life matters to employees—and thus to companies—our research turned up another, deeper layer of meaning, concerning *events that are part of every workday*:

- Three types of events—what we call the *key three*—stand out as particularly potent forces supporting inner work life, in this order: *progress* in meaningful work; *catalysts* (events that directly

help project work); and *nourishers* (interpersonal events that uplift the people doing the work).

- The primacy of progress among the key three influences on inner work life is what we call *the progress principle*: of all the positive events that influence inner work life, the single most powerful is progress in meaningful work.
- The negative forms—or absence of—the key three events powerfully undermine inner work life: *setbacks* in the work; *inhibitors* (events that directly hinder project work); and *toxins* (interpersonal events that undermine the people doing the work).
- Negative events are more powerful than positive events, all else being equal.
- Even seemingly mundane events—such as small wins and minor setbacks—can exert potent influence on inner work life.

From the highest-level executive offices and meeting rooms to the lowest-level cubicles and research labs of every company, events play out every day that shape inner work life, steer performance, and set the course of the organization.⁵

Tales from the Front: Inner Work Life in the Trenches

Fascinating stories lie within the 12,000 daily surveys that provided the grist for our statistical analysis mill. No numerical results, no matter how significant, can tell those tales. In each chapter, we will introduce you to the people, teams, and companies behind the numbers.

Chapter 1 offers your first glimpses of inner work life, as you watch a lauded company heading for disaster. You'll see the men and women of one team in a world-renowned consumer-products company struggle to innovate as new management takes control of their product development agenda.

In chapter 2, you'll watch the devastating effects of this mismanagement on the team's perceptions, emotions, and motivations. These scenes will illustrate what inner work life is and how it operates. You'll begin to see the force that even small events at work can exert on daily inner work life.

Chapter 3 introduces a team of software engineers serving internal customers across a vast hotel empire. As you read of their delight in customer compliments, their discouragement in the face of a pending takeover, and their disdain for corporate management when terminations decimate their company, you will see the *inner work life effect*—how inner work life influences all aspects of individual performance.

Chapter 4 begins with a startling turn of events for these software engineers—a steep uptick in their inner work lives. Their story will show you the *progress principle*—the power of progress to steer people's thoughts, feelings, and drives. You'll see how the software engineers needed a massively positive project to lift their inner work lives out of the polluted stream of bad news that had engulfed them. Analyses across all teams' diaries will reveal that progress in meaningful work is the most important of the key three positive influences on inner work life.

Chapter 5 reveals how the progress principle works. You will see why even small progress events can be so powerful—but also why setbacks are even more powerful. In general, when it comes to events influencing inner work life, bad is stronger than good. Chapter 5 introduces the most important tools for leveraging the progress principle, and shows how progress and inner work life can fuel each other.

In chapter 6, you will see the second of the key three influences, the *catalyst factor*. This includes the myriad ways managers can support projects, such as setting clear goals, allowing autonomy, and providing sufficient resources. This chapter contrasts two teams that differed enormously in the support they received during their projects. One team, laboring in the consumer products "*Titanic*" to develop an innovative kitchen appliance, was hamstrung in its quest by indecisive top management, uncommunicative organizational support groups, and

competing agendas. This team's inner work lives were among the worst we saw. The other team, working in a well-respected chemicals firm, found support at every turn as it worked to create a new weatherproof coating for fabric. Top managers responded promptly to requests for resources, gave honest feedback on ideas, and ensured that all organizational groups worked to support the team. Despite serious technical snags, that team triumphantly produced two breakthroughs, and its members enjoyed superb inner work lives throughout the project. This company continued to thrive. The consumer products company did not.

Chapter 7 immerses you in the roiling atmosphere of insults and mistrust endured by a team of mechanical engineers in a hardware company before taking you to the oasis of camaraderie created by the leaders of the hotel company's software team. These tales illustrate the third of the key three influences on inner work life—the *nourishment factor*, or the different ways of providing interpersonal support, such as encouragement, showing respect, and fostering collegiality.

Chapter 8 gives you a tool and a set of guidelines for ensuring that the people you manage get the catalysts and nourishers they need to make steady progress in their work. These catalysts and nourishers are the lifeblood of good inner work life, which sustains superior long-term performance. You will meet one team leader, in a different chemicals firm, who managed to keep his team going—creatively, productively, and happily—in the face of demanding customers and unsettling corporate rumors. Intuitively, he followed a set of practices that chapter 8 codifies into a daily discipline.

Chapter 9 shows you how to apply these guidelines not only to managing people, but also to supporting your own inner work life.

The New Rules

According to the conventional rules of management in the current information age, leaders manage people. They recruit the best talent, provide appropriate incentives, give stretch assignments to develop

talent, use emotional intelligence to connect with each individual, review performance carefully, and retain those who clear the bar. As important as these activities are, relying exclusively on them means relying on the flawed assumption that individual performance depends solely on something inherent in the employee. Management guru Jim Collins advises that it's crucial to get "the right people on the bus."⁶ Many managers leap to the temptingly simplistic conclusion that doing so is their most important job.

Unfortunately, the conventional rules miss the fundamental act of good management: *managing for progress*.

According to the new rules born of our research, real management leverage comes when you focus on progress—something more direct than focusing on an individual's characteristics. When you do what it takes to facilitate progress in work people care about, managing them—and managing the organization—becomes much more straightforward. You don't need to parse people's psyches or tinker with their incentives, because helping them succeed at making a difference virtually guarantees good inner work life *and* strong performance. It's more cost-effective than relying on massive incentives, too. When you don't manage for progress, no amount of emotional intelligence or incentive planning will save the day. The tales of our teams give testimony to this, in spades.

The first of those tales begins at an auction.