

Spotlight

ARTWORK Antony Gormley, *Capacitor*, 2001. Mild steel tubes: 12 mm (o/d), 5.5 mm (i/d). Mild steel rod: 5 mm x various lengths.

Body form: 190 x 48 x 35 cm.
Fully extended work: 271 x 242 x 229 cm.





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The Productivity Paradox

How Sony Pictures Gets More Out of People by Demanding Less

by Tony Schwartz

THE WAY most of us work isn't working. Study after study has shown that companies are experiencing a crisis in employee engagement. A 2007 Towers Perrin survey of nearly 90,000 employees worldwide, for instance, found that only 21% felt fully engaged at work and nearly 40% were disenchanted or disengaged. That negativity has a direct impact on the bottom line. Towers Perrin found that companies with low levels of employee engagement had a 33% annual decline in operating income and an 11% annual decline in earnings growth. Those with high engagement, on the other hand, reported a 19% increase in operating income and 28% growth in earnings per share.

Nearly a decade ago, the Energy Project, the company I head, began to address work performance and the problem of employee disengagement. We believed that burnout was one of its leading causes, and we focused almost exclusively on helping individuals avoid it by managing their energy, as opposed to their time. (See "Manage Your Energy, Not Your Time," HBR October 2007.) Time, after all, is finite. By contrast, you can expand your personal energy and also regularly renew it.

Once people understand how their supply of available energy is influenced by the choices they make, they can learn new strategies that increase

the fuel in their tanks and boost their productivity. If people define precise times at which to do highly specific activities, these new behaviors eventually become automatic and no longer require conscious will and discipline. We refer to them as *rituals*. They're simple but powerful. They include practices such as shutting down your e-mail for a couple of hours during the day, so you can tackle important or complex tasks without distracting interruptions, or taking a daily 3 PM walk to get an emotional and mental breather.

What we failed to fully appreciate in our early work was that once we finished our sessions with employees and sent them back into the workplace, they often ran into powerful organizational resistance to the very principles and practices we'd taught them. We still believe that enduring organizational change is possible only if individuals alter their attitudes and behaviors first. But we've come to understand that it's not possible to generate lasting cultural change without deeply involving an organization's senior leadership.

In this article, we'll describe the transformation we helped initiate at Sony Pictures Entertainment, a company that has embraced energy-building and -renewing rituals at all levels. Based in Culver

PHOTOGRAPHY: STEPHEN WHITE, LONDON

City, California, Sony Pictures produces, markets, and distributes movies and TV shows. So far, more than 3,000 of the company's 6,300 employees worldwide have gone through our energy-management program. This summer we'll reach another 1,700 in Europe, Singapore, and Latin America.

To date, the reaction to the program has been overwhelmingly positive. Eighty-eight percent of participants say it has made them more focused and productive. More than 90% say it has helped them bring more energy to work every day. Eighty-four percent say they feel better able to manage their jobs' demands and are more engaged at work. Sony's leaders believe that these changes have helped boost the company's performance. Despite the recession, Sony Pictures had its most profitable year ever in 2008 and one of its highest revenue years in 2009 (though an industrywide collapse in DVD sales forced the company to do a round of layoffs early in 2010).

As we have done at many other organizations, we encouraged Sony to make two fundamental shifts in the way it manages employees. The first was to stop expecting people to operate like computers—at high speeds, continuously, running multiple programs at the same time—and to recognize that human beings perform best and are most productive when they alternate between periods of intense focus and intermittent renewal. The second was to move from trying to get more out of employees and instead to invest in systematically meeting their four core needs, so they're fueled and inspired to bring more of themselves to work every day. These four core needs are *physical health* (achieved through nutrition, sleep, daytime renewal, and exercise), *emotional well-being* (which grows out of feeling appreciated and valued), *mental clarity* (the ability to focus intensely, prioritize, and think creatively), and *spiritual significance* (which comes from the feeling of serving a mission beyond generating a profit).

Changing Attitudes at the Top

The cochairs of Sony Pictures, Michael Lynton and Amy Pascal, were the catalysts for change. Their goal was to create a highly engaged, employee-friendly, high-performance culture, and they were willing to begin the process by looking at how their own leadership behaviors affected their staff's energy. The two leaders authorized me to interview their direct reports and close colleagues in the industry. I also spoke with their friends and even their family members. Afterward, I sat down with each of

them, shared the feedback, and discussed how they wanted to respond.

Through this process, Lynton, who is by nature introverted and private, discovered that his people weren't sure what he was feeling. To show that he appreciated their good work, he instituted a new ritual of calling and writing notes to employees to recognize them for their accomplishments, which boosted their emotional energy.

The feedback that most moved Pascal focused on her reluctance to engage in conflicts both inside and outside the organization. It turned out that her failure to be direct made her team members feel uncertain, which drained their energy. Pascal decided to create a ritual to help herself be more direct: Whenever she found herself in an uncomfortable situation, she would ask herself a simple question: What is the right thing to do here? She defined "the right thing" as whatever would serve Sony Pictures best, even if it made her uneasy in the short term. Often, that meant she had to say no to someone she liked and respected and didn't want to offend. Difficult as this was, Pascal discovered that people appreciated her new directness, even when she didn't provide the response they sought, and that she herself felt better afterward. She made a particularly wrenching decision, for example, to pull the plug on *Moneyball*, a film to be based on the Michael Lewis book, even though she had enormous respect for its director, Steven Soderbergh. "I'd still work with Steven in a minute," she said at the time, "but in terms of this project, he wanted to do the film in a different way than we did."



Leaders can easily underestimate how their attitudes and behaviors affect the energy levels of their teams. Because energy is contagious, both the quality and quantity of a leader's energy can drain or galvanize a team. In addition, the leader sets the tone for the organization. If people see their company president making it a practice to take a walk every afternoon, they feel safer taking time out for their own efforts. To measure your own energy-management effectiveness as a leader and get more tips on how to increase it, go to theenergyproject.com/hbr.

Getting Buy-In at the Divisional Level

The next step was to get Sony's division heads on board. Lynton, Pascal, and their top 15 executives went through our training, which focused on how specific energy-management practices could improve both their personal effectiveness and their leadership. They identified where they weren't fully meeting their energy needs and then created a series of personal rituals to address problem areas. For example, Jeff Blake, Sony's head of marketing and distribution, wanted to be more aware of his emotions. After going through our program, he realized that anger and frustration often sapped his energy and had a negative impact on his colleagues. To manage his feelings better, he made it a practice to step away and take walks around the studio lot whenever he felt his frustration begin to mount.

Idea in Brief

Human beings don't work like computers; they can't operate at high speeds continuously, running multiple programs at once.

People perform at their peak when they alternate between periods of intense focus and intermittent renewal.

Employees can increase their effectiveness by practicing simple rituals that refuel their energy, such as taking a daily walk to get an emotional breather or turning off e-mail at prescribed times so they can concentrate.

If companies allow and encourage employees to create and stick to such rituals, they will be rewarded with a more engaged, productive, and focused workforce.

Gumpert set aside an uninterrupted 60 to 90 minutes each morning to focus on his top two or three priorities.

This ritual helped him relax and get grounded and then think through more clearly how he wanted to respond. Keith LeGoy, who heads international television distribution, had a similar goal. He made it a ritual to take a deep breath rather than react immediately when someone said something that irritated him. Once he felt calmer, he made a point of asking himself, How can I approach this person more collaboratively to get what I want?

To improve his ability to focus single-mindedly on difficult tasks, Gary Martin, who heads studio operations, established a ritual of turning off his e-mail altogether at certain points during the day. David Bishop, who heads home entertainment, made a commitment to ignore e-mail while talking to people on the phone and instead devote his full attention to whatever he was doing at any given time. Andrew Gumpert, who heads business affairs and administration for Columbia Pictures, created a new evening ritual to make sure he prioritized his work effectively: For five minutes or so after he got home from work, he reflected on the two or three most important tasks for the next day. When he arrived at the office the next morning, he set aside an uninterrupted 60 to 90 minutes to focus on those priorities, rather than simply responding to e-mails or putting out whatever fires had flared up the night before.

My colleagues and I also worked with the senior team to create rituals to promote better collaboration. The atmosphere at their weekly meetings had always been superficially collegial and cordial, but

most of the division heads were fiercely protective of information and reluctant to share much with one another. They resisted input from any executive outside their areas of expertise. The friction that resulted was counterproductive.

Prodded by Pascal and Lynton, the team members instituted a ritual aimed at promoting more open dialogue and a greater sense of trust. They agreed to set a clear agenda in advance of each week's meeting and to focus only on key strategic issues. All agreed to participate actively in discussions, offer suggestions, and close ranks around decisions made at the meeting. Team members also committed to making decisions based on what best served the company as a whole rather than their personal agendas.

To encourage honesty, the group members also came up with a ritual they named "Code." Saying that single word became a way to surface unspoken feelings and concerns without attack or disparagement. As Pascal explains it, "code" came to serve as shorthand for "I really want to know what you're feeling, so be straight with me."

Pascal and Lynton found this ritual particularly useful in their relationship. Pascal gives this example: Say that she'd asked Lynton to attend a marketing meeting that she was running, and at the last minute he canceled because something else came up. Because both of them were eager to accommodate the other, he might say to her, "Just go ahead without me," and she might say, "OK, fine." Later, Pascal would find herself wondering if Lynton was

How the Top Sets the Tone

As a leader, you have myriad opportunities to set the right context for your employees to replenish their energy. It's all about providing examples for others and creating a safe environment. A few dos and don'ts:

Take back your lunch.

Get away from your desk, and preferably out of the office altogether, so that you come back to work more focused and fueled to face the rest of the day. It will encourage your employees to do the same.

Communicate your values.

Feeling valued is our core emotional need. Write a note of appreciation to someone who works for you once a week. Be very specific about what it is that you value.

Cultivate creativity.

Set aside an informal, relaxing space at work that is devoted to creative thinking and brainstorming. Schedule a regular time—at least once every two weeks—when colleagues gather to brainstorm new ideas, discuss longer-term projects, or set strategy.

Share your passion.

Communicate what you stand for and what your larger mission is, beyond profit. If that isn't clear to you, set aside time to reflect on it. What is it that gets you up in the morning? What's the value you're trying to add in the world? Why should others feel passionate about doing it, too?

Avoid conflict.

Ignoring a difficult situation typically does more harm than communicating directly and honestly about it. The key to a successful conversation is not to assume you're right but to enter into it in a spirit of openness and curiosity.

Try to do multiple things at the same time.

Make an effort to give people your full focus and try to listen without interrupting. You know you've succeeded if you're capable of repeating back what you just heard.

Be self-absorbed.

It's easy to make it all about you. Try to step beyond your own immediate needs to better serve the needs of those you lead.

truly OK about missing the meeting. He might wonder if Pascal was really fine with his not attending her meeting. Both of them disliked conflict; neither would be inclined to mention any concerns. "Code" gave them a simple way to address the issue directly.

"It's about telling the truth, even when it's hard," Pascal explains. "That's how you build a culture of trust. Today we don't need to say 'code' much anymore."

The next step was to take these ideas and practices to the 125 or so direct reports of the senior team. We also continued to meet with the senior leaders for one day every three months to help deepen and extend their leadership and team rituals. At one of

those meetings, e-mail became a focus of discussion. The team had already agreed to a ritual that banned the checking or sending of e-mail during meetings. A remaining issue was the expectation that team members would reply to e-mail in the evenings and all through the weekends. The result was that they felt perpetually on call. Their inability to let go of work was a source of resentment and an energy drain for many of the leaders.

Eventually, the team agreed on an 8 AM to 8 PM weekday limit on the hours during which they were expected to respond to e-mails from one another. Outside those hours, they were free not to respond. The agreement was that if anyone had an urgent rea-

son to reach a colleague, he or she would pick up the phone and call the person. “The expectations have really changed,” says David Hendler, Sony Pictures’ CFO. “I’m no longer on my BlackBerry when I’m with my wife and kids, and they appreciate that. It also drives more energy at work because I’m not drained or distracted by thinking, ‘Oh, I should be spending time with my family.’”

Spreading Energy Management Through the Ranks

Once we’d taken the most senior leaders through our program, Pascal and Lynton decided to cascade it down through the company. Sony converted a soundstage into a space where we taught the staff in groups of 25 or so, and offered fitness and nutrition consultations, yoga classes, and massage sessions, all as part of our energy-renewal training.

Several companywide initiatives now help employees boost their energy in the four core areas. Sony Pictures has begun subsidizing healthy meals and a salad bar at a new on-site restaurant that’s open to all employees. A dietician is on staff and available to everyone for consultations. Sony has also built a new, fully equipped gym and created a large grassy commons area where people can hang out and relax. To help employees recharge themselves on a spiritual level, the company now offers its employees paid time off each month to volunteer their services to nonprofits and organizes specific volunteer opportunities for them.

For Pascal and many other leaders, one of the most powerful shifts has been the adoption of a common language around energy and people’s core needs. Words and phrases such as “renewal break,” “rituals,” “triggers,” and “Is that a fact or a story you’re telling me?” have become part of everyday dialogue. “That triggered me” essentially means “What you said really pushed my emotional buttons.” At the same time it’s a way for people to acknowledge their own responsibility for their reactions. “Is that a fact or a story?” is a way to remind people that they have a choice about how to interpret a given set of facts, and that it often pays to try to view those facts through a more positive and forgiving lens. Employees are also much more attuned to how their energy states are influencing their performance. To help colleagues realize how they’re coming across under stress, they’ll ask, “What energy zone are you in?” Simply raising people’s awareness can allow them to take back control of their emotions and move into a more positive

You build a culture of trust by telling the truth, even when it’s hard.

place. At all levels of the company, employees feel more comfortable taking breaks, turning off e-mail at certain times, and going to the gym during the day.

“This has been about believing that the culture of the company is as important as the product,” Pascal explains. “We’re not fully there, but we now have a common language and shared principles, and this experience has been enormously bonding. The culture we’re creating is the adhesive. It’s what holds the company together and makes you nimble and flexible enough that you’re ready for whatever hits you, no matter what’s happening in the marketplace. There’s no question that this investment we’ve made in our employees has energized and motivated them and helped us stay strong in the midst of very tough times.” ♥

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“BlackBerry fight!”

CARTOON: GLEN LE LIEVRE

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