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PRATHAN CHORRUANGSAK/EYEEM/GETTY IMAGES

What makes a company culture great? To explore this question, my colleague, Bill Baker and I spent the last three years researching the best places to work in the United States. As a part of our work, we selected 21 organizations known for their lustrous cultures, including [Patagonia](#), [The Motley Fool](#), and [Edmunds.com](#).

To make our final list, these companies had to appear perennially on one or more of the “Best Companies to Work for Lists” in reputable business publications, such as [Fortune](#) and [Inc.](#), between 2014 and 2018. In addition, each company had to agree to let us in for a day to interview executives, meet with Human Resources departments, conduct focus groups with employees, and tour the facilities. Our selections included businesses in both the private and public sectors, ranging in size from 250 employees to over 7,000, in industries such as technology, financial services, consumer products, publishing, and pharmaceuticals, among many others.

Our aim in conducting this research was not simply to tabulate all of the interesting things these companies do — as can be found in any business magazine. But, instead, we aimed to extract general principles about *why* what they do is so successful. While no one formula can capture the idiosyncrasies of these companies and the telling ways that they motivate employees, below are some common themes we found. This is by no means an exhaustive list, but for organizations interested in changing their cultures, these will start you down the right path.

Put People First

The best places to work provide people with life satisfaction as opposed to job satisfaction alone. Almost all of the corporate founders and CEOs we spoke with told us that they built their companies with people in mind. To them, a healthy culture is as important as a healthy balance sheet. Their benefits go far beyond minimum wage.

Take the case of the San Francisco grocer, [Bi-Rite Market](#). In addition to \$15.59 an hour and full health insurance coverage, Bi-Rite matches dollars on all employee 401(k) plans up to 4% of their income and pays profit-sharing that ranges from 2-6% of worker salaries. Anyone who works at least 20 hours a week, including part-time workers, have access to these benefits. As a result, many people who work at Bi-Rite have done so for generations. Several children of longtime employees now work there or return to San Francisco each summer to intern as seasonal staffers. During our visit, we learned that two of these interns were on break from school at Harvard and Wellesley. This is what happens when companies invest in people. The generations prosper.

Other companies we talked to went a step further, and offered a robust number of supplemental programs to help employees maintain work-life balance and improve their mental and physical health. Such programs include stress-reduction workshops, nutritional consultations, financial planning, and grievance counseling services. The effects of these holistic experiences are nicely summarized by the comments of two employees at [BambooHR](#): “The [financial planning and budgeting] class saved my marriage,” and, “I have become a better father since I started working here.”

Perhaps the most extreme examples, however, were those organizations that made concerted efforts to act on behalf of workers in need. [Health Catalyst](#) helped one employee build a controlled living environment for their newborn child who was born with a rare immune deficiency. And when an employee at [BAF](#) was in a terrible auto accident, the company moved them from a third-floor

apartment to a first-floor one in the same building, placing possessions just as they had been before and providing technology to stay connected during the recuperation process. (The employee had only been working there for a short period of time).

I could go on about the stories of benevolence we have heard from our sample companies: companies that give extra time off when employees need it; companies that pay medical bills to supplement a family's insurance; companies that put a child of a deceased employee through college. When we asked these companies why they do this, the answer is typically along the lines of what Duane Hixon, the founder and CEO of [N2 Publishing](#), told us. "Profit is necessary, but it is not the goal. We need air and water to survive, but that isn't our purpose. Our purpose is to help people live better lives."

Help Workers Find and Pursue Their Passions

The companies we studied find ways to rejuvenate employees by helping them identify their "calling," or the area of work that provides them with the greatest fulfillment. Doing so not only increases productivity, it makes people feel happy — lucky even — to be at work. The methods companies used to accomplish this generally differed, but all the organizations we spoke with provided workers with opportunities to pursue their passions.

[Regeneron Pharmaceuticals](#) serves as a case in point. Their mission is to develop new medicines for patients in need. Many of these medicines may never make large sums of money from these treatments, but their goal is to relieve people in pain without binding qualifications such as ROI. This purity of position makes a big difference to people who work there because they feel a genuine sense of purpose. But perhaps the biggest driver of productivity is the company motto: "Follow the science." Rather than exclusively focusing on particular disorders, scientists are pushed to explore the problems for which they have the greatest interest and ability. Many employees told us that they found their dream jobs at Regeneron. "Being here is like being back at MIT," one manager said. "I have room to satisfy my curiosities."

Other companies find ways to arouse people's passions through special programs or sabbaticals. Oliver Schabenberger, the COO and CTO of AI and analytics software company [SAS](#), runs a program in which he trains leaders on giving presentations in the vein of TED Talks. Participants are pushed to discuss their best ideas in order to stimulate unconventional thinking, and sometimes, they go on to inspire significant projects. [INTUITIVE](#) (Intuitive Research and Technology) similarly challenges workers to come up with innovative solutions to problems through its Creative Incentive Program. Employees are invited to write a prospectus on new product ideas, work- or-non-work related, and if the company likes an idea submitted by an employee, they will provide start-up funding and give half the profits to the creator. [PURE Insurance](#), takes a more external approach through their Passion Program, giving employees \$1,500 per year to explore whatever they choose.

In short, the companies we visited had few life-draining dead ends analogous to those barricades at the end of long dark alleyways in horror films. Rather, through developmental funding and frequent job moves, these organizations encourage people to self-examine their interests and to find what

they truly excel at. The surest way to improve performance is to give people something they like doing.

Bring People Together on a Personal Level

The organizations we interviewed realized that their effectiveness relies upon the goodwill and solidarity of groups, so they put quite a bit of effort into bringing people together — but not in the traditional ways you might think. Before beginning this project, we considered life events, rituals, and rites of passage — such as marriages, birthdays, and anniversaries — as trivial to the work environment. But the companies we visited gave us a new perspective. In fact, they made a big deal out of significant dates. Why? Because it is the human, or considerate, thing to do.

Think of it this way: in our personal lives, we understand that it is good practice to celebrate and sympathize; to show regard for others' feelings and needs; to uplift, soften, comfort, and aid. When big things happen, we relish in them together, lighten each other's loads, and console those we care about. Like good families, good organizations have the same responsibility. If they want to create a real sense of community among their teams, they also need to create shared experiences.

The companies we visited celebrate special occasions together and recognize important life-cycle transitions. BambooHR treats birthdays as paid holidays. Insomniac Games provides new parents with a custom onesie, art books, and toys, as well as a baby briefcase to help them keep their newborn's details organized.

Additionally, the companies in our sample are vigorous socializers — from day one through retirement. Their social events are not, as one employee at Health Catalyst said, “funishments” — rare and artificial team-building exercises that people are forced to take part in and required to enjoy. Rather, the stuff that builds the joints and connective tissues of teams, which in turn enables members to move nimbly and in unison, occurs regularly and spontaneously. BAF sponsors monthly outings to baseball games, comedy clubs, and off-Broadway shows; encourages employees' involvement in clubs such as kickball, sand volleyball, and bowling; and holds colossal family events like their summer amusement jamboree and Halloween pumpkin patch festival. Regeneron has spring flings, summer barbecues, a cheesy-Hawaiian-shirt day, holiday parties, and a multitude of company-wide assemblies that celebrate advances in science.

These social extracurriculars may appear contrary to real work, and to some, as senseless wastes of time. But forming meaningful relationships is real work. The best companies realize that personal affinities and deep social bonds are failsafe measures against team breakdowns and are essential for top team performance.

Empower People to Own Their Work

The executives we interviewed repeatedly told us that they want their employees to think and act like owners. Allowing them to control aspects of their work, we learned, is the key to accomplishing this. Employees who have the leeway to *rearrange*, *modify*, and *improve* their assignments feel

possession over them, and once this happens, their mindsets begin to change. Instead of focusing on what cannot be done, they become preoccupied with what can. As a result, they are more easily able to grow, innovate, and push their companies forward.

An example of this kind of ownership mindset is beautifully on display at SAS. Today SAS resembles a college campus both in look and feel. Their offices sit within 900 heavily wooded acres in Cary, North Carolina, three-hundred of which their buildings occupy, along with a network of running paths, bicycle lanes, streams, and side streets (with names like matrix and analytics). Within this preserve, landscapers have their own acreage to tend in any way they think best given the terrain and surrounding architecture. By extension, this is the way things work throughout SAS. The company assigns workers projects that are visible to all, and then frees them to pursue their goals as they see fit. Many turn to peers and management for advice and support when necessary. “People outside the company think of us as workplace pioneers,” one member of a focus group told us, “but they forget that we make things that matter and that people rely on us to deliver. We all feel a great sense of responsibility not just to our clients, but to one another.”

Tom Caporaso, the CEO of [Clarus Commerce](#), runs his company in a similar manner. From start to finish, his philosophy resembles that of a winning sports team: hire good people; train, practice, and prepare; coach teammates to back each other up, learn from their mistakes, and accept wins and losses together; get off the field and let the players, play. Once play begins, or people have proven they are capable of tackling projects on their own, there are a limited number of times that a manager will step in. The field of play at Clarus is set by goals and budgets. Within these boundaries, it is up to the workers to execute. This empowerment enables Clarus to move quickly according to conditions on the ground and to diligently meet changing customer needs.

Of course, letting people work within their capabilities, and a little beyond them, also means managers must accept that people will occasionally fail. And for the best companies, failures are a fact of life and necessary for both personal and organizational growth. Thus, the companies we met with normalize the acceptance of periodic failures. In fact, BambooHR has a novel, nonthreatening way of handling mistakes. It created an Oops Email Box as a place for all employees — founders included — to announce mistakes made, what others should be aware of because of them, and steps taken to correct them.

Create a Space Where People Can Be Themselves

Employees, of course, realize that they will forever bump up against conventions, others’ preferences, and miscellaneous confinements that restrict what they can and cannot do at work. But these do not necessarily have to prevent them from acting on their passions and beliefs. In a word, employees within our sample of companies have found a place where they can be their “authentic” selves. How?

The Motley Fool offers a great example. The company is inspired by a character in Shakespeare’s *As You Like It*, who, as a licensed fool is able to live outside of society and speak truthfully about his

opinions and beliefs in a way that is not available to others. Practically speaking, the company's founding brothers Tom and David Gardner, dispensed with the fool and instead infused their corporate creation with "Foolishness." The Motley Fool, which has no dress code other than "to not wear anything that would embarrass your parents," has also enshrined honesty as one of its core values — creating a work environment in which people feel comfortable expressing themselves not just physically, but verbally as well.

N2 Publishing, on the other hand, takes a different, but just as effective approach. They find ways to integrate people's natural talents into the regimen of organizational life. Their employees emphasized how satisfying it is to be able to share a personal piece of themselves with others at work. "N2 is a place where you can relax and just be yourself," one person told us. The head of the mailroom is a superb rapper who composed and performed the theme song for N2. The Full Bleeds is a cover band made up of employees from the graphic design department that plays at their monthly all-hands meetings. A part of this meeting is reserved for rewarding exemplary contributions to the company, and during our visit, the entire editorial department was recognized. Amanda, the head of that department, is a wonderful visual artist. She had drawn the likenesses of her staff members wearing Marvel-esque superhero outfits and described each of their powers in a wonderful and moving tribute to her team.

These companies showed us that the ability to be authentic at your job is life-affirming: an outward expression of who we are and what we stand for. In this regard, authenticity also has a nonobvious effect. People who behave in accord with their values have [stickier work ethics](#). They are more morally engaged, less deferent to circumstance, and will choose principle over the enticement.

Given our findings, it is safe to say that, today, too many businesses function with only their own interests in mind. If the presumption is that capable, profit-making management should put money before people, then our vision is terribly flawed. These flaws are due not necessarily to a failed exegesis of how markets work, but to gross misconceptions of how people work. The organizations we studied have given themselves the best chance to succeed by recognizing the human as the heart of the workplace, the thing that keeps everything else running.

When we ask leaders merely to perform their duties and to be an instrument within a money-making apparatus, we are asking them to do far too little and giving them an opportunity to avoid asking tough questions about what is most important in life. It is a mistake to let leaders escape the civic responsibilities we have toward one another due to an erroneous belief that, through agnostic business dealings, the good life will trickle down. We can be much more direct by insisting that leaders foster human potential and support human flourishing as obligations of their roles. If we do not have any deeper aims for business, then for whom and for what do we go through all this trouble?

Editor's note: Every ranking or index is just one way to analyze and compare companies or places, based on a specific methodology and data set. At HBR, we believe that a well-designed index can provide useful

insights, even though by definition it is a snapshot of a bigger picture. We always urge you to read the methodology carefully.

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