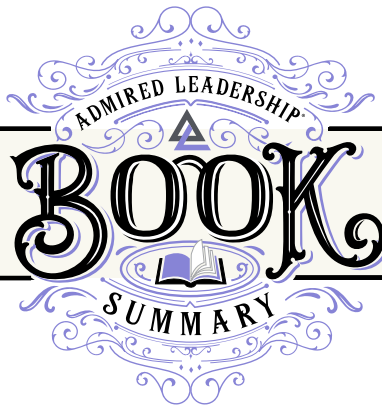




Eight Minutes, Not Eight Hours



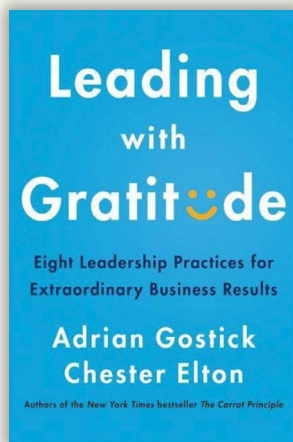
May 2024

# Leading with Gratitude

Eight Leadership Practices for Extraordinary Business Results

AUTHORS: ADRIAN GOSTICK + CHESTER ELTON

Published 2015



Americans report that they experience less gratitude in their workplace than anywhere else in their lives (p. 94). The co-founders of The Culture Works company want to fix this gratitude shortage, which they believe is undermining American business. Studies show that grateful managers are associated with higher profits, higher customer satisfaction, and significantly higher scores in employee engagement (pp. 139-157).

Despite these benefits, many leaders choose not to express gratitude. These leaders are held back by the “Ingratitude myths” detailed in the first half of this book (pp. 187-215). Still other leaders want to lead with gratitude, but they fail to do so effectively. The second half of this book offers practical advice on how leaders can practice gratitude in the workplace. The authors argue that seeing actions as praiseworthy is as important as expressing that praise. To know where gratitude is due, leaders must know what their employees are doing, and they must have empathy for the challenges their employees face (p. 129).

## Key Quote

*“It’s only by getting to understand what it’s like to do a job that a leader can be most effective in assisting people in doing it. That’s empathy at its best” (p. 1316).*

## KEY POINTS AND CONCEPTS


### The Ingratitude Myths That Hold Leaders Back

**Myth: Fear is the motivator. Many bosses use fear to motivate.** Even if they don’t make explicit threats, they may hint that jobs are at stake if performance slips. A tendency to micromanage creates a culture of fear too, because it implies that the boss has little faith in other employees (p. 362).

- In fact, fear does not motivate: It corrodes performance. Fear feeds doubt and uncertainty, which in turn kills motivation and innovation. Fear creates stress. Stress can be an effective motivator for immediate threats, but chronic stress leads to exhaustion (pp. 325-336).
- Common symptoms of a fear-based culture: Managers tolerate outbursts and inappropriate conduct from senior leaders and top-performers. Orders are top-down, and employees never challenge their supervisors. Managers don't articulate core values, let alone follow them. Finally, "when someone is called into the boss's office, the employee's first thought is, 'Am I in trouble?'" (p. 371).
- Alan Mulally recounts how he turned around Ford's fear-based culture as CEO: "Like most companies, Ford had operated on a philosophy that you only bring an issue to your boss or your leader if you have an answer. The new philosophy was based on the fact that we are going to have problems, and we're going to need everybody's help to solve them. So one of the expected behaviors is we're going to share and ask for help when we need it, and then we're all going to be committed to helping" (p. 438).

**Myth: People want too much praise these days.**

Many managers fear that coddling their employees (especially younger employees) will result in overconfident slackers asking for undeserved raises.



*Common symptoms of a fear-based culture: Managers tolerate outbursts and inappropriate conduct from senior leaders and top-performers. Orders are top-down, and employees never challenge their supervisors. Managers don't articulate core values, let alone follow them.*

- In contrast to this myth, the authors' Motivators Assessment test shows that young workers do not want praise for the sake of praise: They want to be recognized for their significant accomplishments, and they want guidance and feedback as part of everyday work. Despite the stereotypes about millennials, these desires are shared across age groups (pp. 459-495).
- Managers do not need to worry about creating narcissists. According to an academic study, "narcissism in children comes not from praise itself, but undue and constant approval from parents who have an overinflated view of how special their children are." In contrast, the authors cannot find a single credible study suggesting that deserved praise has any negative effects on children. Similarly, the authors are unable to locate research showing that an abundance of praise harms a workplace (pp. 505-588).
- The authors suggest that five positive interactions to each instance of constructive criticism is a ratio for a high-performance culture (p. 606).

**Myth: There's not enough time for praise.** We are all very busy, but consider the costs if your company loses employees because its leaders are skimping on gratitude: "Conservatively, Deloitte estimates the cost of losing each employee ranges from tens of thousands of dollars to one and a half to two times the employee's annual salary" (p. 621).

- Because ingratitude has outsized effects, every manager can carve out some time to focus on employees.

**Myth: I'm just not wired to feel gratitude.** Gratitude is to some degree an inherited trait, associated with a predisposition for emotional processing, interpersonal bonding, moral judgment, and the ability to understand others' mental states (p. 696).


- However, neuroscientists know that the adult brain is pliable: "The neural pathways we use the most get stronger." We can rewire our brains by consistently practicing gratitude (p. 732).

**Myth: Save praise for those who "really" deserve it.** It is easy for managers to undervalue the role played by low-paid employees engaged in "rote" or out-of-sight tasks. But these employees wouldn't be on payroll if they weren't integral to the organization. Praise them (p. 818).


- Some managers fear that praise will create resentment because managers will heap praise on top performers. However, gratitude is not zero-sum: Observant leaders can find reasons to recognize the impact that every employee makes (p. 854).

**Myth: Money is the only meaningful reward.** The authors are clear: Money matters. A lot. But leaders should not mistake money for gratitude. Both are needed to create a healthy work culture.

- Raises and bonuses are part of the rhythms of the business calendar, thus employees might perceive them as a byproduct of "just another performance review ritual" rather than as an expression of gratitude. Remember, real gratitude is authentic, specific, and targeted (p. 906).
- Managers risk encouraging bad behavior when monetary rewards are tied only to strict numeric targets. Wells Fargo is a prominent example of bad incentive structures: Employees seeking to game the company's bonus system harmed its reputation by opening thousands of unauthorized accounts in the names of unsuspecting and unwilling customers (p. 933).



*Myth: I'm just not wired to feel gratitude. Gratitude is to some degree an inherited trait, associated with a predisposition for emotional processing, interpersonal bonding, moral judgment, and the ability to understand others' mental states.*



**Myth: They will doubt my sincerity.** Don't worry that employees will see your newfound gratitude as manipulative or insincere. We support others' efforts to improve themselves. If you have been ungrateful in the past, just explain your change-of-heart with humility (p. 964).

### How to Lead with Gratitude

Gratitude practices can help managers cultivate a gracious workplace.

The first set of practices helps managers spot great work as it is being done. The second set of practices helps managers express their thanks effectively.

Start with the gratitude practices that work for you. There is no need to shoehorn all eight practices into your managerial repertoire right away (p. 1031).

## Four Ways to See with Gratitude

Solicit input and act on it. Managers can raise morale and foster innovation if they take employees' input seriously. It does not mean that managers will adopt every suggestion. Instead, managers should take care to explain why an offered solution is not practical. This should be an opportunity for both parties to discuss best practices and organizational values (pp. 1038-1056).

- Managers should avoid the “over-ask.” Don’t ask employees about questions out of their purview and do not overload them with too many questions. Instead, question the right people. Know whether you want to invite focused ideas or to engage in blue-sky brainstorming (p. 1102).

**Assume positive intent.** Many failures are situational and are not due to incompetence or bad character.

- Instead, these failures are due to poor training, lack of resources, or inadequate leadership (p. 1191).

- Employees will not inform vindictive managers of problems on a project until it is too late to solve them, whereas employees will present a forgiving manager with opportunities to put them back on track (p. 1200).

- The authors offer tips to stay calm after a mistake: Talk to the responsible parties in person or over the phone. Gather facts before acting. Take a forward-looking approach (“How would we do this differently next time?”). Be mindful of body language and passive-aggressive communication (p. 1236).

**Walk in their shoes.** Empathy is a key management skill, yet researchers found only 40% of leaders were empathetic (p. 1316).

- A number of CEOs who turned around troubled cultures did so by working alongside employees at all levels of the organization. “It’s only by getting to understand what it’s like to do a job that a leader can be most effective in assisting people in doing it. That’s empathy at its best” (p. 1316).

**Look for small wins.** Academic researchers found, “Of all the things that can boost emotions, motivation, and perceptions during a workday, the single most important is making progress in meaningful work. And the more frequently people experience that sense of progress, the more likely they are to be creatively productive in the long run” (p. 1474).

- Leaders can help team members to recognize their own progress. Ask team members to give each other (or themselves) shout-outs. Set and reward “mini-milestones.” Reward employees who resolve conflicts among team members. Keep a gratitude journal (pp. 1510-1574).



*The authors offer tips to stay calm after a mistake: Talk to the responsible parties in person or over the phone. Gather facts before acting. Take a forward-looking approach (“How would we do this differently next time?”). Be mindful of body language and passive-aggressive communication.*



## Four Ways to Express Gratitude Effectively

**Express it now, express if often.** “Like ripe bananas, gratitude does not keep. The closer to an achievement a leader expresses her appreciation, the better” (p. 1630).

- Some managers prefer to save praise for annual performance reviews. However, annual reviews often focus on quantitative metrics instead of qualitative observations. This gap may incentivize employees to prioritize measurable outcomes (e.g. sales) over less observable tasks, such as quality mentoring. To encourage behaviors like these, it is better to give praise as laudable behavior occurs (p. 1647).

**Tailor praise to the individual.** The authors have developed a Motivators Assessment, which shows that every adult is motivated by twenty-three motivators (Autonomy, Creativity, Impact, etc.). Tailor recognition to individuals’ motivators: Individuals who are motivated by teamwork appreciate public recognition, while individuals motivated by challenge appreciate being given ownership of a new initiative (p. 1795).

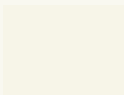

- Tailor praise to the size of the achievement (p. 1840).
- No one appreciates “drive-by” gratitude. If a boss offers generic praise every time they pass your cubicle, the praise is an irritant (“Does the boss even know what I do?”) rather than a motivator (p. 1895).
- Managers should tailor rewards too. Some people like gold watches, some people don’t. Employees especially value rewards that show that their manager knows them well (p. 1942).

**Reinforce core values with praise.** If leaders don’t consistently praise employees for living up to the firm’s values, these values will become empty. Employees may doubt that their managers want them to practice these values. Furthermore, employees may not know what their managers mean by “accountability” if their managers do not identify instances of accountability in action (p. 1979).

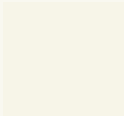

- **Tips:** Leaders must show that they too act according to company values. Begin communicating values during the hiring process. Order values by importance and encourage employees to discuss potential conflicts between values. Finally, schedule and ritualize opportunities to recognize employees who demonstrate the company’s values (pp. 2007-2124).

**Make gratitude peer-to-peer.** For example, JetBlue Airlines has a long-running program that allows coworkers to nominate one another for recognition. “JetBlue data shows that for every 10 percent increase in people reporting being recognized, it sees a 3 percent increase in employee retention and a 2 percent increase in engagement” (p. 2149).

- One study showed that peers have twice the effect on employee engagement as do managers, and another study found that companies practicing peer-to-peer recognition systems are more likely to report low employee turnover (p. 2157).



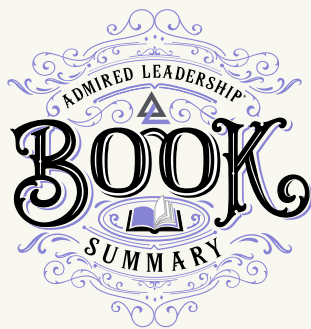
*Tailor praise to the individual.*  
*The authors have developed a*  
*Motivators Assessment, which*  
*shows that every adult is motivated by twenty-three motivators (Autonomy, Creativity, Impact, etc.).*



- Avoid “gamifying” peer-to-peer praise. Remember, praise is only valuable if it is authentic (p. 2223).

**Best Buy chairman Hubert Joly sums up the power of gratitude:** “If a CEO is grumpy, that becomes the acceptable attitude within the company. If you try to be positive, gracious, approachable, and grateful, it gets multiplied. In our case, by 125,000 people” (p. 2475).

Gostick, A. and Elton, C. (2020). **Leading With Gratitude: Eight Leadership Practices for Extraordinary Business Results.** New York: HarperCollins Publishers.



*Best Buy chairman Hubert Joly sums up the power of gratitude: “If a CEO is grumpy, that becomes the acceptable attitude within the company. If you try to be positive, gracious, approachable, and grateful, it gets multiplied. In our case, by 125,000 people.”*

### The Latest and Greatest Books for Leaders

We work hard to stay abreast of the current writings on leadership, especially those books our clients are reading or have been recommended to read. As a benefit to our clients and to facilitate our own learning, the Admired Leadership® team has long maintained a tradition of summarizing the newest books of interest to leaders. Better to read a summary for eight minutes before investing 8 hours in the entire book. After reading a good summary, we believe leaders are able to make better choices as to what to ignore, what to peruse and what to make the time to read closely.