

Leading With Happiness

How the Best Leaders
Put Happiness First to
Create Phenomenal
Business Results and
a Better World

Alexander Kjerulf

**Leading With Happiness: How the Best Leaders
Put Happiness First to Create Phenomenal
Business Results and a Better World**

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Praise for this book

“Leading with happiness is compelling—it’s useful, well-researched, and downright fun to read. I especially loved Kjerulf’s insights about what “happy leadership” is and is not, and his stories and strategies about leading with happiness during tough times. Kjerulf’s advice “If you have their back, they’ll have yours” are words that every leader ought to live every day.”

- Robert Sutton, Stanford professor and author of *The Asshole Survival Guide: How to Deal with People Who Treat You Like Dirt*.

"What an inspiring book. Every leader should read it and learn how to promote happiness for employees, customers, suppliers, investors, and even the leader him- or herself. That type of leadership has been integral to our success and I know it will boost your results too."

- Garry Ridge, CEO WD-40 Company

“Alex has done it again. He has written a book that helps leaders get happier and better and, most importantly, helps their teams get better. And happier. If you follow the simple steps he lays out and adopt the worldview he suggests, I will lay a substantial wager your company will do well. Very well. Read this book. The read it again. And put the ideas into practice. You will be well served.”

- Srikumar Rao, TED speaker and author of *Happiness at Work*

“We all have to develop and improve as individuals and organizations. The digital revolution of the last ten years has meant that many of us are available 24/7, which is not optimal. It’s time to combine the demand for ever-increasing efficiency with happiness, so we don’t burn out. This book will show you how.”

- Søren Lockwood, CEO SEB Pension Denmark

“This book is very inspiring. Vega IT is all about happiness at work but I also love what Alexander wrote about customer happiness. I made many notes on ideas I had while reading those sections of the book and I look forward to start practicing them in the future.”

- Sasa Popovic, CEO Vega IT Sourcing

“This wonderful book gives you a blueprint for improving your business and the world. The evidence and the tools are right here in your hands. The rest is up to you!”

- Mikael Kamber, news anchor and author

“As a leader, don't I have enough on my plate? Now I have to concern myself with something as ethereal as happiness? Please Alexander Kjerulf, tell me it's not true. Oh, but it is true and it may be the grandest truth of all. And ... there is a secret waiting for you, the leader, inside this book. Happiness won't add to your workload, but decrease it, it won't add to your stresses, but lessen them. This book is not ethereal, nor is it's subject. THIS is as real as it gets!”

- Rich Sheridan CEO Menlo Innovations, Author Joy, Inc.: How We Built a Workplace People Love.

“Here at Zappos, we believe that the key to happy customers and a growing bottom line is happier employees. This book is a great read for customer-centric companies.”

- Jamie Naughton, Chief of Staff Zappos.com, inc.

Praise for Happy Hour is 9 to 5

“It’s very, very good. It’s incredibly well written, full of insights, and there are exercises to improve your own happiness at work. You can’t ask for more than that!”

– David Maister, author of Practice What You Preach

“I have read well over 100 articles/books on topics covering happiness in the workplace and your book was by far one of the best. In fact, it was so informative that I went on and sent the link to your book to my entire professional network.”

– Chris Hollins, President, talentgrade.com

“The book is witty, fun to read, and packed with useful (and practical) information. If you want to boost creativity, morale and employee engagement, this book is a must read.”

- Stephen Shapiro, author of Best Practices are Stupid and 24/7 Innovation

“I have read and re-read this incredibly entertaining and easy to read book. I cannot express how important this subject is and how well this book conveys the way of creating the workplaces of the future. It is pregnant with good information that has practical ideas of how people can immediately start applying in their workplaces. It is easily the best book on this subject that I have read.”

- Fraser Carey, founder of Palazzo Baths

“Alexander Kjerulf’s book makes a powerful argument that a happy workplace is good business. Happy employees are more productive, more creative, healthier, and cause less problems. Best of all, this book outlines a sure-fire way to transform the workplace. I give this book my heartiest endorsement.”

- Fred Gratzon, founder of Telegroup and author of The Lazy Way to Success

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This book is dedicated to everyone brave and crazy enough to believe that we're really just here on this planet to make each other happy.

Introduction

Just think for a second what it would be like to live in a world where business leaders routinely put happiness first. Imagine the business world turned into an overall force for good, enhancing not only profits but also people's lives.

Sadly, this is not currently the case. It's long been a truism that business leadership is about maximizing results, whatever it takes. As the economist Milton Friedman depressingly put it in a very influential 1970 New York Times op-ed¹:

The business of business is business.

He argued that CEOs who focused on anything besides enhancing shareholder value were failing in their duties and should be fired or sued. This kind of thinking is still prevalent in the business world, and it leads to incredibly damaging attitudes and actions. This kind of thinking lets leaders do things like:

- Fire thousands of employees if it will raise stock prices temporarily.
- Pollute and damage the environment to save money.
- Promote a culture of overwork that works employees to the bone, hurting their careers, their health and their personal lives.
- Confuse and cheat customers into buying as much as possible at the highest price possible, rather than helping customers buy what they want and need.
- Exploit workers financially, paying them as little as they

can get away with to make more money for their investors.

- Create toxic cultures where employees work in near-constant fear and frustration.

You may think me dystopian, but these things happen in corporations all over the world. And ultimately leaders think that they are right to do these kinds of things because their main responsibility is shareholder value. They feel no obligation to do good in the world—or even to avoid doing bad.

In fact, leaders have been so immersed in this kind of thinking that they can do incredible harm and feel no remorse. I have seen way too many press releases where a CEO announces firing thousands of employees to “enhance shareholder value” without showing the tiniest shred of regret or emotional investment in the fact that their leadership is now harming thousands of families. Other leaders are more pragmatic and apathetic, having never really taken the time to consider what impact they have or want to have through their leadership.

And that is why the world needs a new kind of leader who is motivated primarily by doing good. Or, in other words, by increasing happiness. In writing this book, I got to meet with many such leaders and learn what drives them to put happiness first and how they have used it in their leadership and I can’t wait to share their stories with you.

They are not perfect people, but they have a clear vision of what they want to improve in the world, and rather than just maximizing shareholder value, they want to create more happiness in four specific domains:

1. For themselves
2. For their employees
3. For their customers
4. For the community/world

These leaders create organizations that are a force for good in the world. They lead in a way that is sustainable—not just environmentally but also economically and psychologically.

Their employees’ lives are better and happier for working

there. Customers' lives are improved by the company's services or products. And the world is in some way a better place because their company exists. And don't ignore the first one: These leaders are happier themselves because they know that their leadership is making things better, not worse. Finally, happy leaders create better results for their organizations, because happiness has a long list of positive effects on the bottom line.

The title of this book should be read two ways:

1. Leading with Happiness *as the goal*—Your ultimate goal as a leader is to increase the amount of happiness in the world.
2. Leading with happiness *as a tool*—You incorporate happiness into the way you lead and make it your main leadership tool.

This reflects the dual nature of happiness—that it is both a *goal* and a *practice*.

The book is written for organizational leaders at every level in all kinds of workplaces. All leaders can lead with happiness, from CEOs to middle managers, and this type of leadership can be applied not only in business but also in charity, politics, arts, military, religion, or anywhere else humans organize to get something done.

In reading this book, you will learn:

- *What* happy leadership is, based on ancient philosophy and brand new scientific discoveries.
- *Why* happiness should be the main focus of leadership.
- *How* to lead with happiness, with inspiring examples from amazing leaders all over the world in many different types of organizations.

The first two chapters of the book lay the theoretical framework, explaining why we should even care about happiness and laying out the latest research findings from psychology and neuroscience that uncover what makes us happy. In the third chapter, we use those theories to define exactly what happy leadership is and isn't.

After that, we get practical with four chapters that go in depth with how leaders can create more happiness for themselves, their employees, their customers, and the wider community.

The next chapter is on how to lead with happiness in tough times. All teams and organizations will face a crisis sooner or later, and adversity makes focusing on happiness harder, but more important than ever.

Leading with happiness is not necessarily easy, and the next chapter lists the main challenges you may face and how to overcome them.

The final chapter is a call to action to help you get started on applying this in practice—because happiness is something we do.

Every claim in this book is supported by scientific research and the book is fully annotated with references and links to all sources, so you can look up and study the research that has inspired me. In addition to including all the references in the book itself, I have also placed a link collection on the book's website at:

www.leadingwithhappiness.com.

On this website, you can also find more resources, videos, a literature list, and download a free workbook with some more useful exercises. And most importantly, you can share your experiences and give feedback on the book. I really, really want to know what you think and how you've applied what you've read, so please go there and share any thoughts, comments, or experiences.

Happy reading!

Happiness for customers

Complete this sentence: “When it rains, the price of umbrellas should go ___.”

If you guessed “up” you’d be right in most places. But at IKEA stores, you’d be wrong. Here’s how they price their umbrellas depending on the weather:

- On sunny days umbrellas cost \$4.99
- On rainy days they cost \$2.50

Yes, on rainy days, umbrellas are cheaper at IKEA. What a nice way to make customers happy.

Without customers, there is no business, and most leaders are keenly aware of this. Customers are the very reason the organization exists in the first place. Realizing this, many leaders choose to measure and attempt to maximize *customer satisfaction*. As long as we offer the right products/services at the right price point and terms and keep our promises, the customer will be satisfied, and all will be good, right?

But what if you could go beyond that? What if you treat your customers in a way that not only makes them satisfied with your company’s offerings but which makes their lives easier, safer, healthier, richer, more meaningful, more fun, or better in some other way? Not only do you get the joy of knowing that you’re making their lives better, but it’s also good for your business because happy customers are more likely to do the following:

- Return and buy more
- Recommend your products to others
- Forgive and forget if you make a mistake or can't keep a promise
- Stay customers even if someone is offering a competing product at a lower price

It's about making the mind shift from the rational concept of *customer satisfaction* to the more emotional *customer happiness*.

Customer satisfaction	Customer happiness
Deliver the right products/services at the right price	Make the customers' lives better
More rational	More emotional
Keep our promises	Surprise the customer
Results focus	Focus on long-term relationships
Transactional	Personal

How do we do that? One hugely important way is to have happy employees as we covered in the previous chapter. Happy employees care more about others, give better customer service, and have a natural desire to make others happy. Emotional contagion also comes into play, and happy employees make the customers happier simply by being genuinely happy themselves⁸⁰.

In the previous chapter, we also saw that the two main things that make employees happy at work are results and relationships, that these two represent our deepest psychological needs and are built into us on a biological level. This makes them equally useful for thinking about how to make

customers happy. Let's look at some ways to make the customers happier.

Make your customer awesome

Why is it that the advertising brochure for a product is usually beautifully designed in full color on glossy paper, while the manual for the same product is often in black and white and printed on cheap flimsy paper? It's because many companies' main goal is to get you to buy their product, but once you own it, you're on your own. In her book "Badass: Making Users Awesome," Kathy Sierra argues that companies should change that approach and focus much more on teaching their customers to use their products:

The more you learn, the better you are at something. The better you are, the more engaging it is. If you can help people have more of that feeling, they won't talk about how good you are—they'll talk about how much they kick ass.

This is a critical mind shift from "Focus on how awesome your product/service is" to "Focus on how awesome your customer is when they use your product/service." It doesn't matter how good your *product* is if it doesn't make the *customer* good. If you can help your customers become better at something, it gives them better results, which makes them happier.

WD-40 Company makes a lubricant with some amazing features, but their focus is not on how great their product is; It's on all the great things customers do with that product. In fact, their company purpose says nothing at all about their products:

We create positive lasting memories by solving problems in workshops, factories and homes around the world.

A prominent section on their website showcases how customers have used their products to solve various problems⁸¹, including things like how to displace moisture from your jet ski spark plugs, using it to remove crayon stains, or the time a bus driver in Asia used WD-40 to remove a python that was coiled

around the undercarriage of his bus! If you have discovered a great use for their products, you can submit it and get featured on their website yourself. And this approach works; WD-40 has a fan club with 125,000 members. Does your product or company make people so happy that they form fan clubs in your honor?

Help customers track and celebrate their progress

Here's a joke I heard recently:

How do you know if someone does CrossFit?

Don't worry, they will tell you!

CrossFit is yet another hugely successful exercise phenomenon to come out of the US, but what sets it apart is how effective it is in turning gym goers into fans. CrossFitters are notorious for telling everyone around them about their latest personal records, how tough their latest workout was, and how much their muscles hurt at any given time. People, only somewhat jokingly, call it CultFit for the passionate devotion it creates in many people^{VI}.

One of the most successful CrossFit operators in the world is CrossFit Copenhagen, which opened in 2008 and as of mid-2017 has 21 locations across Denmark and over 15,000 members. Their two founders, Andreas Bang and Klaus Vesti, have a huge focus on helping people become stronger and healthier and have come up with some very simple ways to give their customers a feeling of results and celebrate their progress, including these:

- There's a bell in every exercise room that you ring when you set a new personal record—after which everyone in the class applauds you.
- They encourage their coaches to share and celebrate members' hard work and progress on social media.
- When you've attended a certain number of classes (10,

VI Yes, I do CrossFit too, but at least I waited until this far into the book before telling you about it.

50, 100 times, and so on), you get an email congratulating you on your hard work. The email includes a picture of a fist, and you're encouraged to fist bump your screen.

Happy leaders don't care only about their own progress or that of their company—they care deeply about the progress of their customers. If you can help your customers see the progress your products and services help them achieve, your offerings also look more valuable and they are more likely to stay customers. These stories of customer progress are also great to bring back to employees because it shows that their work is actually making a positive difference.

Help your customers help others

Ever seen a promotion like this?

For every shampoo bottle sold, we will donate 25 cents to rainforest preservation in South America!

Many companies do promotions where they promise to donate a certain amount to a worthy cause for every product sold or something similar. While it's nice that a company cares, I've honestly never felt particularly happy about any of these programs and they leave me feeling no better about the company, its products, or myself for being a customer.

London-based Innocent Drinks (who make tremendous smoothies and juices) came up with a much cooler idea that involves their customers directly in charity, called the "Innocent Big Knit." They invite people to knit little woolly hats that will fit on the caps of Innocent's small smoothie bottles and send them to the company. Innocent collects all the hats and puts them on smoothie bottles that are then sold in stores and donates 25p for every hat to a charity called Age UK, which helps the elderly⁸². The Big Knit website even features a section called "Meet the knitters" where they celebrate some of their top knitters, including two lovely retired teachers called Ali and Marion from Gosport who have so far contributed a whopping

2,500 little hats between them⁸³.

Since the program started in 2003, people have knitted an astonishing 6 million hats, raising over £1.9m for charity, which is amazing in itself, but beyond that it also gives Innocent's customers a chance to create results by making something that contributes directly to a worthy cause and relationships because many of them meet up and knit together.



Do what's right for the customer

What do you do when a customer calls asking for a product that is currently out of stock? Zappos is an online shoe and clothing retailer with 1,500 employees based in Las Vegas. Their Chief of Staff, Jamie Naughton, explained to me what they do:

If a customer is looking for something and we don't have it we will help them find it from a competitor site. So if you called looking for a size 10 Nike in a certain style and we didn't have it we will do a quick google search and look for someone who does have it and help direct you there to buy it.

We know that in the short-term we are losing that customer's purchase, but in the long-term they

remember the level of service we provided and then come back the next time they need something.

Yes, Zappos actually trains customer service employees to check competitors' websites to see if a product is available there and *actively send the customer to a competitor* because it's the best thing for the customer in that situation and maintains a better relationship with them.

A happy leader has to be able to put the company's own interests aside and do what's right for the customer. There is no way to build lasting, positive relationships with customers if you're just trying to wring as much money as possible out of them in any transaction. This means that happy leaders make sure that:

- You sell a customer only what they want and need—not as much you can make them buy.
- If your products and services are not right for the customer, send them somewhere else.
- If you make a mistake that harms the customer in some way, own the consequences.

This not only makes the customers happier, more loyal, and more likely to come back but also affects you and your employees, who can all feel proud to work for a company that does the right thing.

My all-time favorite example of this comes from the previously mentioned and rather unfortunately named Middelfart Savings Bank. Before the financial crisis, when all kinds of risky investments were booming, Middelfart had been very conservative and careful about where they advised their customers to put their money. However, they did recommend one particular bond called Scandinotes, which was marketed as a very safe and solid investment but ended up being completely worthless.

Many Danish banks had recommended the same investment to their customers, and 4,000 Danes ended up losing a total of nearly \$150 million. The message from all the other banks to their customers was, essentially, "Too bad." They pointed to the terms of purchase which said that while the bank may have

recommended the investment, each investor was personally responsible for any losses.

Middelfart Savings Bank weren't sure what to do, so they convened a meeting of the responsible people from each branch. They recommended that the right thing to do was to take responsibility for their bad advice and cover all of their customers' losses, which would cost the bank a whopping \$4.5 million. The CEO and the board agreed, and that's what they ended up doing as the only bank in the country. The CEO at the time, Hans Erik Brønserud, said that it was simply a question of ethics to him:

When we haven't sufficiently advised our customers on the risks of these bonds, we haven't lived up to the bank's values.

This is courageous, honest, and admirable behavior. That's how a leader shows that they're serious about their values: By living up to them even when the cost is high. Incidentally, the bank never went to the media and bragged about what they'd done. They did it quietly and with no fanfare and the story only came to light when one of their (understandably) happy customers shared what had happened with a journalist.

Have fun with your customers

If you've ever been to an IKEA store on a Saturday, you know how busy they can get. Shopping carts everywhere, long lines at check out, hordes of children running around, and couples fighting over whether to get the VIMLE or the KLIPPAN couch.

One IKEA store had a Saturday coming up that they knew was going to be one of the busiest shopping days of the year, and the head of the bedroom department told me that he wanted to make sure that this day would still be fun for both employees and customers. So, he came up with some cool ideas.

All the employees in his team put on bathrobes over their uniforms, to make the whole thing more fun and informal. They also put up a sign announcing a pillow fight at noon

and ended up with 40 people (customers and employees) banging away on each other with pillows. The department leader himself spent part of the day hiding in one of the big PAX wardrobes and whenever a customer opened the door to check out the insides he stepped out with a big smile and said, “Yes, can I help you?”

Having fun is a great way to make customers happy and connect with them. Exactly how to do it depends on your team and what business you’re in. If you run a funeral home, I would not recommend hiding in the coffins and jumping out at people. But the vast majority of workplaces offer at least some potential for having plain old fun with the customers, which when done right can brighten a lot of people’s day.

We do this at our company. We have a monthly budget called The Woohoo Account for having fun with customers, partners and suppliers. We’ve invited them to things like a movie at a local cinema (incidentally, we showed “Horrible Bosses”, which is hilarious), a backstage tour of the national aquarium, and a huge party featuring the world’s happiest DJ.

Southwest Airlines are huge on fun. I’ve flown them myself and seen firsthand how open, friendly, and playful their staff are. Some do the pre-flight safety messages in a song or rap form, some play games with the passengers, and some hide in the overhead compartments to startle passengers. One ramp agent in Las Vegas, Jerico Nazareno, regularly breaks out his ukulele to play for the passengers waiting to board a plane⁸⁴. In my opinion, flying on most airlines is, at best, a neutral experience; neither good nor bad. With Southwest, I actively look forward to flying.

Random acts of customer kindness

Berendsen is a huge multinational company that provides textile maintenance services to businesses. They supply towels, hospital uniforms, door mats, floor mops, and many other products to their customers, pick them up when they’re dirty, launder them, and bring them back clean.

Kræn Nielsen, the Head of the Danish division, told me that traditionally, they’d been very focused on costs and logistics

and kept very tight control of what their customer-facing employees could or could not do. In 2013, he decided to fundamentally change that approach and focus on doing random acts of kindness for Berendsen's customers.

At a two-day kickoff training, their 90 salespeople and customer service staff were introduced to the concept and the purpose behind it. The goal was to let the customers see a different side of Berendsen, going from a very rational to a more emotional approach.

He never told his employees what specifically to do, but here are some of the things they came up with.

One employee saw that a client (a famous cereal company) was celebrating a company anniversary, so he arranged the delivery of red carpets for their event. The customer called to ask who'd ordered it and how much it cost and was delighted to hear that "It's free. We just wanted to help you celebrate your milestone." A week later that client sent over a crate of their products for Berendsen's employees to enjoy, cementing a stronger relationship.

One customer called to say that they needed some more floor mops on short notice. Their next scheduled delivery was a few days away, and the distribution team didn't have the capacity to make an extra stop that day. One employee heard that, and she picked up the mops, got on her bike, and made a detour past the client on her way home from work. They were very surprised and very happy to get their mops delivered the same day by bicycle.

In a short time, the employees committed hundreds of random acts of customer kindness. One Berendsen employee brought some sunscreen for a customer who was going on vacation, one brought vegetables from his own garden, and one even managed to help a customer with an IT problem, which is not part of their usual laundry tasks.

Top management supported this new process in several ways:

- They gave each customer service employee a monthly "love budget" that they had to spend on customers. This was necessary because their employees had been

trained to spend as little as possible otherwise.

- They put up a big transparent cylinder in the office. Every time an employee did a random act of customer kindness, they could throw a plastic ball in the cylinder, and once it was full, they took the whole team to an amusement park to celebrate.
- Each team created a Wall of Fame where they shared positive stories, praise, and emails from customers.
- Every month, the top management highlighted their favorite example of a random act of customer kindness and celebrated the employee responsible.
- The best stories were collected and published in a booklet.

Not only did all of this make the customers happier, but it also turned out to have an equally positive effect on the employees, who really enjoyed their new freedom to spread happiness. It even spread to the point where employees did random acts of kindness for each other.

I asked Kræn what his most important personal learning was and he said “The essence is, that you don’t have to do something huge to make a difference. It’s the personal and emotional connection to the client that makes a difference.”

I also worked with Telenor, a Scandinavian telecommunications company, on a campaign that was rolled out to all their stores in Denmark just before Christmas in 2015. Every store employee received ten postcards that they had to send out to customers with a handwritten message during December, which led to many positive customer reactions. One elderly lady from Latin America came into a Telenor store looking for help with her cell phone plan. It turned out that one of the young men working there spoke Spanish, so he sent her a nice postcard in Spanish, which she really enjoyed.

Doing these nice, small, surprising things for customers can create a lot of happiness. One story from Zappos shows just how much. A customer was supposed to return some shoes but had failed to do so because her mother had died. Then this happened:

When I came home this last time, I had an email from Zappos asking about the shoes, since they hadn't received them. I was just back and not ready to deal with that, so I replied that my mom had died but that I'd send the shoes as soon as I could. They emailed back that they had arranged with UPS to pick up the shoes, so I wouldn't have to take the time to do it myself. I was so touched. That's going against corporate policy.

Yesterday, when I came home from town, a florist delivery man was just leaving. It was a beautiful arrangement in a basket with white lilies and roses and carnations. Big and lush and fragrant. I opened the card, and it was from Zappos. I burst into tears. I'm a sucker for kindness, and if that isn't one of the nicest things I've ever had happen to me, I don't know what is.

Let your employees be themselves

McDonald's restaurants are famous for having rules for everything, including how to take an order, how to pack the order, how to wash your hands before your shift, and much more. This standardization has helped make them effective and profitable.

But McDonald's Denmark realized that they could make their customers happier if they gave their employees a little more freedom to be themselves. They launched a new service concept called "Vital Ingredients" that included elements like "Enjoy What You Do" and "Be You." Mette Hybschmann, their head of HR, told me how this created room for their employees to do things like organize flash mobs in the restaurants or compete on celebrity sightings. The whole thing was centered around "Serving happy moments" to customers.

Some companies try to create good customer service by creating elaborate scripts and rules for their employees. I think that's a trap, because taking away employees' freedom to be

themselves makes them unhappy, inevitably reducing the quality of customer service. Zappos has no phone scripts for their customer services employees to read from. Tony Hsieh, their CEO, explained it like this⁸⁵:

We don't have scripts, because we want our reps to let their true personalities shine during every phone call, so that they can develop a personal emotional connection with each customer.

Instead of mandating every single aspect of customer interactions, train your employees incredibly well on what kind of experience you want to give your customers, and then give them the freedom to do it their own way. Yes, occasionally they will get it wrong, and a customer may complain, but on the whole, they will give much better, happier, and more authentic customer service.

Measure your employees on customer happiness

I stayed at a hotel in Cape Town a while back for a speaking trip, and after my stay, they sent me the usual customer satisfaction survey, which had 43 questions like “How satisfied were you with the check-in experience?”, “How satisfied were you with the location of the hotel?”, and even (I’m not kidding) “How satisfied were you with the light in your room?” Needless to say, this survey was too long, and I gave up long before I’d completed it, but more than that, it also measured the wrong thing, focusing squarely on customer satisfaction, not customer happiness.

At Zappos, they have a much simpler way to measure customer happiness. Jamie Naughton, their Chief of Staff, told me that after every call, email, or chat you get a chance to answer this question:

“Do you feel that the Zappos family member you interacted with genuinely cares about you and your reason for contacting us?” [Yes or No]

There are three reasons why this one question is much more

useful:

1. It's a simple, clear question.
2. It is emotional, asking "do you feel that..." and therefore much better at gauging customer happiness.
3. It is relational, asking if the employee cared about the customer and their situation.

Once that question is answered, the customer is directed to a web page that has three additional questions where the customer rates aspects of Zappos' service from 1 to 5:

- The eagerness of the Zappos team member to help
- The quality of solutions provided by the Zappos team member
- The Zappos team member's knowledge of products and services we offer
- Additional Feedback (Optional)

Zappos customer service employees are consistently measured and trained on these factors.

Some leaders get this completely wrong. They tell employees to give great service and make customers happy, but then they measure employees on how many customers they handle or on their sales numbers.

If you tell your employees that you want them to make the customers happy, but then measure them on completely different metrics, you're not only setting them up to fail; you're also creating a lot of employee unhappiness because you say one thing but do another. Sadly, many companies measure employees on volume (how many customers they handle) or cost (how cheaply they do it).

Handling as many customer requests as possible as cheaply as possible is clearly not compatible with giving each customer full attention and great service. The problem with measuring service volume is that it encourages the wrong behavior. An employee who is measured on call volume is incentivized to keep calls as short as possible and do everything they can to avoid handling more complicated or difficult cases. And when a leader says one thing but measures another, it's the one that is

measured that people take seriously. That's why it makes a lot more sense to measure customer happiness instead.

Dipali Sikand is the founder of a company in India called Les Concierges. Her 700 employees deliver concierge services to the employees of their corporate clients—helping them with everything from restaurant reservations to laundry services. Her employees go above and beyond for the clients many times every day, and she told me that they found an incredibly simple way to keep track of and celebrate the best examples of great customer service: They created a WhatsApp group called “Moments of WOW.” All employees and managers are members of this group, and every time an employee does something cool for a client or receives positive feedback from a happy customer; they can share it to this group. All the other members of the group see it, and thus best practices and positive moments quickly spread inside the company.

Connect with customers

I love Disney World and have been to the parks in Orlando and Paris several times. The last time I was at Disney World in Orlando, we drove up to one of the parking lots in our rental car, and after I paid for parking, the Disney employee in the booth looked at my wife and said, “Wow, you have a lovely smile, Ma'am.” First of all, it's true—she absolutely does have a lovely smile. But secondly, what a great thing to notice and say! And this kind of interaction is no coincidence. Disney World takes great pains to teach their employees the value of connecting with the guests^{VII}.

Every interaction you or your employees have with a customer is a chance to connect with that person and make them a little happier by doing simple things like giving them a compliment, finding a shared interest, or cracking a joke. Just seeing the customer, and particularly seeing something positive in them, can make a difference and brighten a person's day in a world where more and more people feel isolated and lonely.

Even if a customer is calling in to complain, you can connect with them. Innocent Drinks print a customer service number on

VII You're not a customer at Disney World, you're a guest.

Leading with happiness in tough times

“If you don’t stick to your values when they’re being tested, they’re not values: they’re hobbies.”

- Jon Stewart on the first episode of The Daily Show after 9/11

How Xilinx got through its biggest crisis

When I first met Wim Roelandts back in 2008, the world economy was in a terrible state, but he wasn’t really worried because, as he told me, that was his 8th recession so far, and it wasn’t even the worst one.

Wim’s worst crisis as a leader came in 2000 when his company Xilinx, a computer chip manufacturer based in California, got hit hard and fast by the dot-com implosion. In the December 2000 quarter, their revenue was \$450 million, and nine months later, their revenue for the September 2001 quarter had plummeted to only \$225 million.

Something had to be done—and fast. But what? Roelandts, an affable Belgian who is usually seen with a smile on his face, was the CEO back then (he’s since retired) and was clearly facing some tough choices. All of Xilinx’s competitors wasted little time in laying off large percentages of their staff to cut costs, but Wim felt that there had to be a better way. He came

up with a plan for his organization and the 2,800 people in it and called it “Share the pain”. The plan had three major components.

1: Cut salaries, not jobs

Wim felt strongly that if they laid off people now, they’d just need to rehire them 5 or 6 quarters later when business improved. Couldn’t there be a way that kept people on even during the crisis?

So, they instituted a pay cut that was progressive and voluntary. Progressive meant that your pay cut depended on your salary—the higher your salary, the higher your pay cut. These were some typical pay cuts:

Job	Pay cut
Production-level employees	0%
Junior-level engineers	6%
Senior engineers and middle managers	9%
Directors	12%
Vice Presidents	15%
CEOs (Wim Roelandts himself)	20%

So, while production employees were not affected at all, Wim himself took the largest pay cut—20% of his salary. They could have given everyone a 10% pay cut, but chose this way because it shares the pain—not the pay cut. When you’re a production-level employee with an annual salary of \$30,000–40,000 trying to live in the Silicon Valley area, a 5% or 10% pay cut could really impact your financial situation. When you’re a VP, 15% is entirely survivable.

The pay cut was voluntary. This wasn’t part of the original plan but it turned out that Xilinx’s European employees would have to agree to take the pay cut voluntarily due to labor laws,

so Wim decided to make it voluntary for everyone.

Amazingly, every one of the 2,800 employees chose to take the pay cut—except one. And no, that one person was not singled out for reprisals of any kind. Voluntary means voluntary. Reflecting on that period, Wim was especially proud that his people were willing to take pay cuts in order to save their co-workers' jobs.

Later in the process, when the pay cuts turned out not to be enough to keep the company profitable, they introduced more measures, like closing the company for one day every other week and the option of taking a paid leave of absence to take part in an educational and training activities. Though Wim was very careful never to promise that there would be no layoffs, this plan meant that Xilinx got through the crisis without laying so much as one single employee.

2: Communicate openly

Wim knew that honest communication was essential. His motto was to keep communicating and force his management team to communicate. In practice, he organized meetings with his entire management staff and the managers under them as well. He knew that when employees had questions, they wouldn't come to him or the other executives, they would go to the managers closest to them, so it was important that they knew what was happening and remained optimistic.

This is not easy, as Wim readily admits:

"I didn't know any more than anybody else what was coming, and so the tendency is to close your office door and don't talk to anybody because if you talk with someone, they can ask questions that you don't know the answers to.

But that's actually the wrong thing to do, you have to get out there. You have to talk with people and even more important you have to force your management to get out and talk, talk to people, tell them when you don't know but also tell them all the things you know and be a good friend to give people some hope that

things will get better soon.”

In these sessions with the managers, Wim would go over the company’s situation honestly and thoroughly, and then they would discuss how to communicate this to the employees. Typical topics of discussion were:

- What can we do as managers?
- What should we say?
- What may employees ask us and how should we answer?
- How should we act?

A key aspect of these meetings was also to listen to the middle managers, so they felt good about the company’s situation and could pass that feeling on to their people.

3: Involve employees in decisions

They involved people in all new initiatives by consulting focus groups of employees. They’d get 20 employees together, tell them about what they were planning to do and get their honest feedback.

One specific decision that came out of these focus groups concerned new employees. Originally, the company had planned not to include them in the pay cuts. When this was tested, the new employees protested—they wanted to be treated like everyone else and “share the pain” too.

An intended byproduct of the focus group sessions was that information about the crisis and how it was being handled spread quickly throughout the organization. When the initiatives were announced to the employees, most people had heard about them already, which created more trust.

Wim himself

That was his plan for the organization, but there was another equally important aspect: Wim himself!

On a purely personal level, Wim did three things to handle the crisis. First, he did his best to be positive. Yes, the very survival of the company was at stake, but he still had to believe that there was a way out. Wim put it like this:

“You have to be positive yourself. If you are negative and you come in the factory, everybody’s going to be looking at you and getting depressed. So however bad it is, however sad you feel, however worried you are, you come to work in the morning, and you put on a big smile, and you feel optimistic, and you exude optimism and positive thinking.

When you are the CEO, and you see the numbers go down every week or every day, it’s very easy to become depressed yourself, and you really have to find the inner strength.”

Secondly, he saw the crisis not only as a threat but also as an opportunity to get creative and try something new. To him, creativity and innovation shouldn’t just be applied to creating new and exciting products but also to leadership—to find new and exciting solutions to tough problems.

And thirdly, Wim saw this as a chance to prove that there is indeed a better way to handle a crisis than the tried-and-stale ones. He wanted to show the world that this can be handled differently. “I’m gonna show them” may not be the noblest motivation, but it’s not uncommon. All the leaders I interviewed for this book expressed the same desire to “show them!”

Now make no mistake, Wim faced a lot of resistance to his approach. He had heated discussions with some board members, who wanted to know why he didn’t just lay off 10% of the employees when everyone else in the industry was doing it. The same arguments came from outside the organization from financial analysts, who also would have been much more comfortable with the traditional approach.

Time proved Wim right, and the result of this creative approach to crisis leadership was amazing:

- He kept Xilinx profitable—Except for the second quarter of 2001, when there was an inventory write-down, Xilinx was profitable every quarter of that recession.
- High customer satisfaction—Xilinx kept the same people in sales, so the customers saw the same people they were

used to talking to.

- Increased market share—Xilinx gained 15 points of market share during the crisis. Because they kept their people, they could keep momentum.
- New product development—They had time and people to keep developing new products, which is a huge competitive advantage in their high-tech industry.
- Recruitment and training savings—After three quarters, the market started to improve. Because Xilinx had kept their people, they did not have to spend a ton of money hiring and training new people.
- Motivation and happiness at work—This showed employees that they were truly valued. Not just on paper and in good times, but also in a crisis.

At first, the employees were skeptical, seeing it as a cheap trick. “Yeah, you say you’re not doing layoffs, but it’s just a matter of time,” was a common attitude. But as many other companies in the area had mass layoffs and Xilinx employees saw friends losing their jobs and having to sell their houses, they started to come around. During that time, Xilinx participated in the Fortune Magazine 100 best places to work and came in the top 10—in the middle of the company’s worst crisis ever.

The effect was also felt outside the company. One day, about two years after the crisis when Xilinx was back on track, Wim was just arriving at the office when he was approached by a female employee who happened to arrive at the same time. She told him this story:

“My husband got laid off, and so yesterday evening we had a family meeting with the children. We had to tell them that their father had been laid off and that they had to do some savings and we had to be very careful how we spend money to make sure that we get through this tough time until our dad finds a job again.”

One of my children asked ‘But, mom, what is going to

happen if you get laid off?’ And I was so proud to say that I work at Xilinx and Xilinx doesn’t lay off people.”

Wim told me that this was his proudest moment in the whole process.

Being a happy leader is, of course, easiest in good times, when the company is profitable and growing and the results are good. But every company will face a crisis sooner or later. When we look at the incredible success of companies like Apple and IBM today, it’s easy to forget that they have both been near bankruptcy not too long ago.

An organization can face tough times due to an economic downturn or failing results, but it can also be due to rapid growth from things going well, from large-scale change projects, changes in leadership, or similar. Happy leaders stick to their principles not only in easy times but also in tough times because they know three things:

1. Most of what companies traditionally do in a crisis doesn’t work. The way many organizations typically handle crises is by cutting back on all expenses and doing mass layoffs. While this is sometimes unavoidable, studies actually show that companies who choose this approach recover more slowly⁹⁷.
2. It is possible to be happy at work even in a workplace that is in serious trouble. Of course, it’s easier to be happy when everything is going swimmingly, but people can still be happy at work in a crisis. It takes determination and focus, but it can be done. Surprisingly, a crisis can make people happy at work, provided that it becomes a reason for people to focus and pull together—rather than an excuse to give up.
3. Happy workplaces get out of a crisis faster. Especially in a crisis, an organization needs to get the best out of its people—and when we’re happy at work, we are more motivated, creative, and productive.

More than anything, this requires tremendous personal resources from happy leaders. When the organization is under pressure, it is so easy to fall back on the old ways. Alfred

Josefsen was the CEO of a chain of high-end supermarkets in Denmark called Irma and was known for making it a very happy workplace. When the financial crisis hit Denmark in 2008, he saw an immediate drop in revenue across all stores and was facing tremendous pressure from analysts, pundits, and fellow CEOs to do what everyone else was doing and start introducing layoffs and cutting costs. I interviewed him about it, and this was his reaction:

Hell no, that's just too primitive. A monkey could do that. Instead, I told our leadership team that our model has been so successful in good times, now it's time to show that it works in tough times. This is the time for us to show that we're serious when we say that employees come first.

It worked. Irma avoided layoffs and kept growing and achieving record profits under Alfred's leadership. When times are tough, leaders may face tremendous pressure to give up their values and "do what needs to be done." Bob Sutton, author of the excellent book "Good Boss, Bad Boss" tells this story from the very early days at Pixar:

Pixar was under financial pressure, and much of this pressure came down on the heads of the Division's leaders, Ed Catmull and Alvy Ray Smith.

The new president, Doug Norby, wanted to bring some discipline to Lucasfilm and was pressing Catmull and Smith to do some fairly deep layoffs. The two couldn't bring themselves to do it.

But Norby was unmoved. He was pestering Ed and Alvy for a list of names from the Computer Division to lay off, and Ed and Alvy kept blowing him off. Finally came the order: "You will be in my office tomorrow morning at 9:00 with a list of names."

So what did these two bosses do? They showed up in his office at 9:00 and plunked down a list. It had two names on it: Ed Catmull and Alvy Ray Smith.

You can't always avoid layoffs, but if you believe in leading with happiness, you must live by it in good times and bad. Here

is one of my favorite examples from Rosenbluth International:

A company's commitment to its values is most thoroughly tested in adversity, and Rosenbluth hit its share of adversity right after 9/11. Overnight, corporate travel was reduced to a fraction of its former level, and it recovered more slowly than anyone predicted.

Rosenbluth tried everything in their power to avoid layoffs. They cut expenses. Staff took pay cuts and so did managers and executives. But in the end they had to face it: Layoffs were inevitable, and they decided to fire 1,000 of their 6,000 employees. It was either that or close the whole company in six months. How do you handle this situation in a company that puts its people first?

In his book's most moving chapter, an epilogue written after 9/11, Hal Rosenbluth explains that though layoffs don't make employees happy, not doing the layoffs and then going bankrupt at a later date would have made even more people even more unhappy.

Hal Rosenbluth recounts how he wrote a letter to the organization explaining the decision and the thinking behind it in detail. The result was amazing: People who'd been fired streamed into Hal's office, many in tears, telling him they understood and thanking him for their time at the company.

Rosenbluth's letter also contained a pledge: That those remaining at the company would do everything they could to bring the company back on track so they could rehire those who'd lost their jobs. Six months later, they'd hired back 500 out of the 1,000, and the company was solidly on its way to recovery.

Leading with happiness is not about avoiding the tough decisions—it's about making them in a way that is consistent with your values. Especially in hard times.

If you have their backs, they'll have yours

Market Basket is a chain of 78 Supermarkets with 25,000 employees across New England. Their biggest crisis came in 2014, not because of financial hard times but due to an internal power struggle between two cousins, Arthur T.

Demoulas, the CEO, and Arthur S. Demoulas, who also owned a significant amount of stock and was on the board of directors⁹⁸. The names are confusing, but the story is great.

Arthur T. had been the CEO since 2008 during which time the company grew from 14,000 employees to 25,000. He was loved by his employees and was known for his ability to remember their names, birthdays, and milestones, attending many of their weddings and funerals, checking in on ill employees, and asking about the spouses and children of his workers.

In 2014, Arthur S. managed to gain a majority on the board of directors and fire Arthur T. The new leadership signaled that employees had been treated much too generously until now and should expect less beneficial working conditions. On the other hand, the board also voted to distribute \$250 million to family shareholders, an action opposed by Arthur T.

This could have been a sad story of yet another company with a great culture ruined by a change in top management, but the employees of Market Basket did not simply take this lying down. They instituted a series of protests and rallies in front of the stores and the HQ, refused to stock the stores so shelves were empty, and sales came to a halt and even enlisted customers to the fight. They resisted all threats of firings and reprisals from the board and also kept them from bringing in new employees.

Eventually, the board caved, and they ended up selling the company to Arthur T. and a group of investors. He celebrated his triumphant return with an emotional speech at a big rally of Market Basket employees, which included the words⁹⁹:

"It's great to be back together with you.

Words cannot express how much I appreciate each and every one of you.

Words cannot express how much I missed you and words cannot express how much I love you."

In an incredible effort, employees and suppliers managed to

restock shelves in all the supermarkets in a matter of hours and days, and business was quickly booming again and has only grown ever since.

All leaders want their employees to be engaged and genuinely care about the welfare of the business, but happy leaders recognize that this engagement has to go both ways. People will go through fire for happy leaders, as this story shows. If you genuinely care about your people, they will care right back and do the extraordinary for you.

This chapter in tweets

- If you have your employees' backs in good times, they will have yours in bad times.
- In tough times you need every employee to perform at their best. They can only do that if they're happy at work.
- If you want employees to care about the company, the company has to care about them.
- Any idiot can do staff layoffs in a crisis. Good leaders look for a better way.
- Staying happy in tough times is hard but more necessary than ever.