

Happy workers good for business

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The need for social responsibility and ethics is a common theme in the business world these days. But talk is one thing, action is another.

Jeffrey Hollender has made social responsibility the hallmark of his business. As co-founder of Seventh Generation, a leading brand of environmentally friendly household products in the U.S., he has watched annual sales double to \$150 million during the last couple of years.

And he credits the success of the Burlington, Vt., company in large part to a corporate culture that values employees and helps them grow on the job.

In a recent speech to a Quebec conference on corporate social responsibility Hollender said the issue of employee engagement has become urgent.

Company reputations are declining fast, even as business leaders talk more than ever about the need for sustainability and social responsibility. Employees are burning out as their workloads grow in the wake of corporate downsizing.

"When they miss their earnings targets, the first thing most companies do is let people go," Hollender told the Forum Tremblant. But the impact of such decisions can be devastating.

Research in the U.S has shown that 20 per cent of employees are "actively disengaged and have a net negative effect on the company," Hollender said. The average company sees a 50-per-cent turnover in its staff every four years.

Something's wrong here, and it's not hard to figure out what.

"We must do a better job of taking care of our employees," he said. "We cannot have responsible and sustainable companies with unhappy, stressed-out and unempowered workers."

In fact, he said, research has shown that corporations on Fortune magazine's list of the 100 best companies to work for outperform the rest of the stock market.

Hollender started his company 21 years ago, struggled for the first 13 years and only in the last few has seen the business take off. Its products include chlorine-free paper towels, napkins and tissues, biodegradable dish and laundry soap and trash bags made from recycled plastic.

Creating a tight-knit culture at Seventh Generation means lots of bonding at shared meals and company parties. But it also means an open and transparent environment where employees are urged to ask the chief executive anything they want.

Hollender recalled one session with employees when his American Express credit-card bill was circulated and he found himself having to explain his lunch expenses.

While he found the session uncomfortable, it sent a message to employees that everything was on the table, he said.

Seventh Generation's compensation policy includes a salary cap that limits the CEO's pay to 14 times that of the lowest-paid worker.

"At Fortune 500 companies, the average ratio is 500-to-1."