The Parable of the Pothole and the Power of a Compassionate Workplace

Employment and Labor

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I recently attended a lecture by Raj Sisodia, author of *Firms of Endearment, Conscious Capitalism*, and his latest book, *The Healing Organization*. The following is a shortened version of “The Parable of the Pothole” he recited in his lecture.

> *On a chilly, late-autumn day while driving to the office, a corporate executive hit a pothole, blew out the front right tire, and damaged the rim. She was a member of AAA who towed her car to a local Mercedes dealership. A courtesy car was dispatched by the dealership to drive her to work. Her insurance covered the cost of the repair. She arrived at the office 90 minutes late and was met by staff who offered sympathy and got her coffee.*

On another day, an hourly worker from the same company was driving to work and hit the same pothole. She also blew out her front right tire and damaged the rim. Not being a member of AAA, she had to call a friend to drive her to work, since she couldn’t afford a cab. She arrived at work nearly three hours late and was given a reprimand by her supervisor, who docked her pay and told her that she would lose her job if she was ever late again. Moreover, the repair bill for the damaged tire would cost more than she brought home in four full eight-hour days. With little money in the bank, she wondered how she was going to get to work the next morning and drop her kids off at school.

This parable illustrates the vastly different worlds that corporate executives and line employees in many companies occupy. In one world, hitting a pothole on the way to work is an unpleasant annoyance. In another, it can be a career-ending financial calamity. As Sisodia explained in his lecture, such inequities also present a significant opportunity for corporate executives to both improve the lives of their hourly employees and enhance business performance.

After relating the *Parable of the Pothole*, Sisodia told a true-life story of an innovative program initiated by John Ratliff, the CEO of Appletree Answers, that both helped his employees and Appletree's bottom line. Appletree is a nation-wide call center with more than 20 locations in the United States. It employs over 600 people, 15 percent of whom are salaried executives and 85 percent who are hourly. In 2008, Appletree's employee annual turnover rate for its salaried workers was three percent but 118 percent for its hourly employees. Sisodia explained that when the CEO saw these data, he realized he was presiding over two different working environments: "one that people never wanted to leave and the other in which people couldn't wait to escape."

Many CEOs in his position might have viewed the 118 percent turnover rate as a sign of success because it was 21 percent better than the industry average. They might also have rationalized such an internal "caste system" by thinking that the hourly employees who man the phones are compensated at a level commensurate with low-skilled workers who often use such entry-level jobs as a stepping stone to more lucrative employment. To his credit, Ratliff viewed it as a call to action and an opportunity to improve the lives of his employees and reduce the significant costs associated with Appletree's high hourly employee turnover rate.

Sisodia explained that one measure Ratliff took to achieve his goal of improving his company's work environment was aimed directly at addressing the "pothole" problem. Specifically, Ratliff took steps to bring his company's core values to life by creating a program they called "Dream On." Under this program, any employee could submit a "dream" that they wanted to achieve, and the company leaders would try to make it come true. They asked employees to simply tell the story behind their dream and why it is so meaningful to them.

To their surprise, there was no response for 10 days. After promoting the program, Appletree executives received their first submission from one of their employees in St. Louis. The employee explained that she was a single mom whose ex-husband stopped paying alimony. She got evicted from her apartment and was living with her two kids in her car. She wrote: "I'm so sorry, but I need help. I just can't see my kids like this anymore." Appletree executives responded by arranging a hotel for her and her children that same day and within two days they helped her get into a new apartment. When Appletree employees heard about what the company did, others also sought the company's assistance.

Sisodia stated that over a four-year period, Appletree fulfilled more than 250 dreams. The Dream On program did cost Appletree some money. But it was likely pennies on the dollar to what they gained. In a little under four years, their voluntary employee turnover rate for hourly employees went from 118 percent to 18 percent. Moreover, the company's compassion toward its employees and its willingness to help them through hard times generated "positive energy inside the business" and likely contributed to better customer service.

Appletree later supplemented its Dream On program with another in which every salaried employee was required to ask each of their direct reports one question every day: "What action can I take now to make your experience as an employee better today than it was yesterday?" Not surprisingly, as employees realized their requests and needs were being addressed as a priority, morale

skyrocketed.

As employers and corporate executives, we face a choice between two competing business models. We can build our business by following the traditional practice of driving productivity by pushing our employees hard and letting them fend for themselves when they hit “potholes.” Alternatively, we can follow Appletree’s example and create a more compassionate, empathetic workplace. Both approaches are lawful. But I know which firm I would rather be a part of, and I suspect you do too.

Jim Nortz

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