

# THE FUTURE OF EMPATHY

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Empowering leaders to employ empathy and prepare their organizations with a path for future resilience and growth.





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In this paper, Naomi Clare Crellin and Carolyn Dolezal discuss why empathy is critical to shaping how organizations innovate and succeed. They'll discuss ways in which a Culture of Empathy might be established, extended, scaled, and measured, how to empower leaders to employ empathy and prepare their organizations for future resilience and growth.



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## INTRODUCTION

Companies are under an extreme amount of pressure to appeal to top job candidates while also retaining workers. Talent management concerns are here to stay. Issues such as the pandemic, racial inequality, and political upheaval have forced companies to look beyond traditional strategies for employee engagement and to lead with the skills most important for success. One of those skills, surprising to some, is empathy.

Once perceived among business leaders as an irrelevant soft skill, empathy is often underestimated as a contributor to success. Today's organizations must be more people-focused and ready to lead people from diverse departments, cultures, and backgrounds. Empathy provides a set of tools universally recognized to respond to our human needs.

In recent years, empathy has made its way into business conversations — along with other complicated workplace issues such as stress, burnout, diversity, and inclusion. However, despite increased awareness, considerable gaps remain in understanding the power of empathy. Perhaps this is because there is no one way to show empathy; it takes on many forms.

At its core, empathy is the ability to recognize the emotions of others and to acknowledge their perspective. Empathy contributes to business success by cultivating a community where workers feel valued and inspired; employees met with empathy have a clearer understanding of company goals and how their contributions work together to achieve success.

Empathy can also be practiced with customers to learn their fundamental attitudes and opinions. This goes beyond just addressing requests or demands — it involves considering the overall experience from the consumer point of view.

An empathetic leader actively listens to employees and customers, then transforms this learning into action. When used in marketing, empathy helps to anticipate needs and understand others' perspectives. Most importantly, empathetic leaders and marketers not only recognize what is working, they understand why it works for the people they serve.

Empathy is already at work in our organizations, but not consistently. This article will outline structural steps that enlightened leaders can take to build and grow empathetic practice in their organizations.

The COVID-19 pandemic made the case for workplace empathy stronger than ever by initiating a workplace transformation and establishing a new normal. It triggered a shift in attitudes surrounding empathy — leaving many leaders scrambling to adapt to these new realities.

Through the course of our work we have talked with scores of senior business leaders, to hear about their challenges, the way they see and predict the world around them will continue to change, and what they believe will be required to recruit and keep excellent talent working together in their organizations.

In parallel, we work with individuals and cohorts of next-generation business leaders: men and women who are on the rise and deemed as high-potential leaders of the future. These emerging leaders already manage large teams of people and are responsible for substantial business results. They are learning the craft of leadership at a time when there is no formula or playbook, while they figure out a new way to lead.

As this is happening, they face exhausting personal and professional pressures; some are questioning whether they truly WANT to assume additional leadership responsibilities. What kind of leader do they want to be? How can their leadership make a positive difference? How can they lead hybrid teams that balance innovation, productivity and empathy - without burning out? These discussions and reflections are rich sources of material to understand what matters now.



Emerging leaders are questioning whether they truly WANT to assume additional leadership responsibilities:

- What kind of leader do they want to be?
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- How can they lead hybrid teams that balance innovation, productivity and empathy - without burning out?

## INTEGRATING EMPATHY INTO BUSINESS



**We stand on the cusp of organizations integrating empathy into the mainstream of their practice; this is the immediate future.** There is a wealth of recent research that supports the notion that human-centered workplaces build morale, foster effective collaborations, and inspire innovation.

The good news is there is increasing evidence that shows empathy is less of a natural trait and more of a learned skill. However, effective empathy training requires time, energy, resources, and significant support from company leaders.

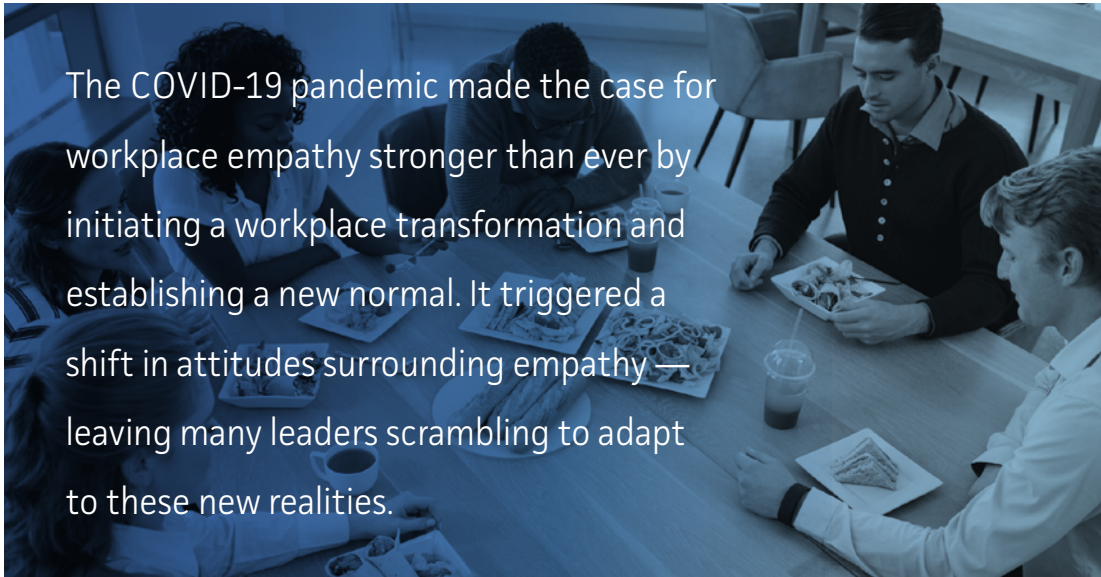
Three leadership experts recently **shared lesson plans** for their program to reimagine soft-skills training. They began by asking a simple question: What if organizations taught empathy, integrity, and openness with the same rigor as they use to teach hard skills, such as coding?

Hard skills are often trained methodically through group practice; this program applied a similar framework to learning soft skills. Participants were given materials that clearly laid out each practice and ways to document their progress. The goal was to turn moments of inspiration into habits of mind.

Their program had a remarkable effect: it increased management performance about twice as much for the 156 managers who participated in the program, compared to a control group of similar managers. **In 2023 smart business leaders will prepare themselves and their businesses to keep pace with these leaders through introducing more soft 'power' skills to their own organizations.**



## LEADING WITH EMPATHY IS A POWERFUL BUSINESS STRATEGY



The talent crisis is perhaps the greatest challenge organizations currently face. Workers are voluntarily leaving their jobs in droves, often because they feel their needs — both personal and professional — are not being listened to, understood, or accommodated by their organization's leadership.

*"As a result of the Covid-19 pandemic, leaders are working to establish business transformation models to adapt in the new normal,"* said Steve Payne, EY Americas Vice Chair - Consulting. *"Our research finds that empathy is not only a nice-to-have, but the glue and accelerant for business transformation in the next era of business. Empathy's ability to create a culture of trust and innovation is unmatched, and this previously overlooked trait must be at the forefront of businesses across all industries."*

Building an empathetic culture should therefore be a key and immediate priority for every company. Organizations that take simple steps to build a culture of empathetic leadership will do a better job of holding onto their best people to win the war for talent.

Employees aren't the only ones dissatisfied when they feel their needs aren't being met by a company, though. McKinsey revealed in their **2021 report** that 71 percent of consumers expect companies to deliver personalized interactions — and 76 percent of respondents are frustrated when this doesn't happen.

Successful personalization matches offerings and messaging to the right individual at the right time with relevant experiences. Companies who excel at demonstrating this type of customer intimacy (a practice reliant on empathy) "drive performance and better customer outcomes. Companies that grow faster drive 40 percent more of their revenue from personalization than their slower-growing counterparts."

There are many benefits to prioritizing empathy while doing business. Ernst & Young's (EY) **2021 Empathy in Business Survey** tracked 1,000 American employees to learn how empathy affects leaders, employees, and innovation in the workplace.

**The majority (88%) of employees agreed that empathetic leadership creates loyalty** — revealing that empathy could be the key to attracting and retaining employees to counter "The Great Resignation."

## OVERCOMING CHALLENGES TO EMPATHY

In his 2017 **commencement address**, Apple CEO Tim Cook warned MIT graduates, *“People will try to convince you that you should keep your empathy out of your career. Don’t accept this false premise.”*

Empathy and vulnerability were, for many years, considered too weak for the aggressive and competitive business world.

Current leaders tend to agree with the overall principle of empathy, but advocating for the practice requires facts and figures to overcome skepticism and create buy-in. **These cynics are often perceived to sit within the C-Suite, expecting teams to demonstrate the data and dollars that support the bottom-line value of empathy instead of trusting the ask and intuiting the value.**

Resisters may fear managers won’t be able to set clear boundaries and will have trouble acknowledging another person’s perspective while maintaining their own. The old thinking was that managers must be tough on people to motivate them, “fairness” equated to “sameness”, and managers shouldn’t get involved in employees’ problems and struggles.

Leading a team is no longer about power; it’s about empowering and supporting others to be the best they can be.

Mastering the balance of empathy is an essential quality of a good leader, but it takes practice to know when to stand firm and when to make concessions. It starts with open communication, vulnerability, and empathy.



## EMPATHY, DIVERSITY, EQUITY, INCLUSION — AND BELONGING



Empathetic practices have been equated with belonging as an extension of the many diversity, equity, and inclusion initiatives taking place in companies today. Belonging is an extension of inclusion. We see belonging as the intellectual understanding and emotional certainty that a person is an essential part of the team, and his/her absence would be keenly felt.

A feeling of belonging is necessary for bringing out the best of everyone at work. If employees feel understood and accepted by others, they can feel secure about their place in the organization and enabled to be their authentic selves.

Humans are social beings, wired to seek connection and community.

These same social needs exist in the modern workplace. Concerns of belonging and exclusion permeate company halls and exist everywhere from break rooms to board rooms.

BetterUp's study on *The Value of Belonging at Work* found that workplace belonging can lead to an estimated 56 percent increase in job performance, a 50 percent reduction in turnover risk, and a 75 percent decrease in employee sick days. The study also observed that a single incidence of "micro-exclusion" can lead to an immediate 25 percent decline in an individual's performance on a team project.

Empathy gets to the root cause of issues of belonging by considering the human perspective when creating company culture. The power of empathy is in seeing others, hearing their stories, being curious to know more, trying to understand the forces that have shaped them, and how that affects how they move through the world.



## BUILDING A CULTURE OF EMPATHY

The attitudes and supporting actions of company leadership affects everything in your organization, from innovation to talent retention. Leading successfully requires many skills — with empathy high on the list of what those at the top must get right. The first step towards building empathy is to recognize that it's not an inborn trait but something that can be built.

Now is the time to assess the state of empathy in your organization, beginning with yourself. Before circulating your expectations for empathy, take time to refine your own vision. Define what success means to you, and where you expect empathy will make the most impact.

Next, identify where the organization is succeeding with empathy. What does it look like when done right? How do various work groups use empathy? What practices could be adapted for widespread internal use? It is important to recognize, reinforce, and celebrate where empathy is already being practiced.

The word empathy can mean different things to different people in the workplace, therefore, it is important to clearly define what empathy means for your organization. When a common language is created around empathy, there is greater alignment around how it should be modeled and practiced at all levels of your company.

To avoid confusion, provide examples of what empathy is — and what it is not.

We must have the ability for tough conversations about difficult challenges with divergent recommendations and still have team members feel respected in those conversations.

### WHAT IS EMPATHY IN PRACTICE? SAMPLE DISCUSSION PROMPTS



Is it about bringing your authentic self to work? Or just being nice to others?



Is empathy practiced by rescheduling a meeting for a co-worker's personal emergency?



How about allowing employees to talk about their challenges?



How is employee feedback invited and incorporated into improving business processes?

## BUILDING A NEW CULTURE OF EMPATHY

Building a new culture takes an investment of time, resources and energy. When you go off track employees tend to be more critical: as you prepare to roll out empathy initiatives, take time to calculate effort and time expenditures to set appropriate goals that meet people where they are.

### TO HELP NAVIGATE THIS:

- Set clear expectations and consider the plan for cultural change in detail.
- How will success be defined, and how will you measure progress?
- How will you receive and act on feedback?
- What are appropriate goals?
- Identify your community organizers.

Consider moving beyond a focus on company culture and instead create a community-oriented environment for employees to group around their values. Create community spaces or channels so the people can share stories about their lives, insights, personal successes and unique interests over which they can bond with others.

Finally, identify community organizers — people who encourage team cohesion even outside of their job description — and recruit them to champion the cause for empathy. These employees may not be the most senior or powerful, but they are usually the most connected. Empowering these influential individuals to stimulate empathy not only increases the likelihood that new ideas will take hold, it also recognizes employees for connecting with others — promoting another positive social norm.



For empathy to be modeled and practiced effectively, employees must feel supported by their senior leaders and each other. The only way to do this is by taking time to get to know your people individually. You'll better understand what might be keeping individuals from working at their full potential when you better empathize with each person on your team.

Empathy is a critical skill for leaders, but it takes on a new level of meaning and priority during the performance management process, in goal setting, and throughout training sessions.

## ADJUSTING THE REVIEW STRUCTURE

Organizations traditionally maintain an annual review cycle, where an official evaluation of performance is documented as part of an employee's file. This assessment is used for compensation decisions, promotion consideration, training — and often to keep a record of performance “issues,” giving the organization a defensible position to take disciplinary action.

Performance management is a perennial challenge for managers, especially in providing encouragement and feedback on an ongoing basis. The world changes too fast, and alignment with goals can drift if not reviewed regularly. **Throughout the year, opportunities and challenges pop up that require a two-way dialogue to reach the best outcome.**

Employees who work toward achieving goals and find fulfillment in a job well done require more frequent conversations. Occasional, shallow, or clinical conversations cannot tap into the richness of insight that occurs with continuous, deeper dialogue.

Traditionally annual reviews have been structured to only consider past performance, but some companies are experimenting with a range of continuous or rolling performance review systems that include employee-centered monthly or quarterly formal check-ins and regular two-way conversations. **This organizational agility is an important component of resilience in changing times.**

The conversation surrounding the value and frequency of performance reviews has been voiced by management for some time, but the pandemic has shifted the focus to where employees themselves are more readily questioning their purpose.



## DEFINING EMPLOYEE GOALS AND GROWTH WITH EMPATHY

The review process should be seen as a dynamic dialogue, not a one-off, scheduled appointment. This practice provides the space to be aware of and sensitive to the thoughts, feelings, and perceptions of others while setting and evaluating expectations aligned with each individual's own professional goals and challenges.

More frequent dialogue between manager and team means more frequent recognition and in turn builds a sense of belonging and mutual investment. With empathy practices in place, there are more conversation channels for employees to select from to meet their needs and preferences. This increases the 'presence' and inspiration of employees to consider goals on an ongoing basis.

When goal setting, consider that growth can take on different meanings among employees. Understand that upward mobility and progression on a typical career ladder is not the goal of all.

Provide options for employees to instead grow sideways and explore other areas of the organization. Workers can grow their confidence or intellectually — through mentoring, teaching, or community leadership. Lastly, opportunities for employees to give back and connect to a greater good can contribute to stronger employee relationships and improve employee fulfillment.



## PRACTICING EMPATHY IN TRAINING PROGRAMS



Today's business climate demands that workers learn and apply new information regularly to remain competitive. For many workers, education and development opportunities are the most visible and recognizable indicator of an organization that is invested in the success of its employees.

**An personalized training program signals an inclusive organizational culture where meaningful investments are made into professional development.**

Most organizations offer professional development and training to provide employees with the skills needed for their roles, but their approach doesn't typically take employees' specific needs into account. Providing only one means of training access means that many are operating outside of their comfort zone and preferred learning styles.

To establish the most effective training processes, companies need to provide individualized instruction and consider the various ways employees process information.

Everyone learns differently, which makes it important for managers to identify each employee's learning style to ensure each person receives key messages in a format they can best understand and digest.

Of course, this presents challenges to workplace managers who must design training programs to accommodate a diverse range of learning preferences. However, by investing in personalized training systems, teams can minimize training time, fully utilize available talent, and set the stage for long-term success.

## BUILDING CHANNELS AND SPACES FOR COMMUNITY

The degree to which employees feel valued, connected, and fulfilled at work affects both the organizational culture and the company's health. As many of us spend more waking hours at work than at home, it's only natural to seek connections with our team members.

**Peer support** systems create a safe space to share experiences in a way that makes us feel heard and accepted, and are vital to providing space for the frequency and informality of dialogue that senior leaders may not be able to, or effective in, providing.

**Community is especially important as employees reconsider what's important in life and exercise choice in the types of organizations they want to work for.** As we're seeing with The Great Resignation, employees will leave an organization if the culture does not support their values or fulfill their basic need for meaning and connection.

Conversely, employees seek out and stay with companies that **cultivate strong community bonds among its teams.** And while many components contribute to these cultures, they are often characterized by overall themes of acceptance, inclusion, and belonging. **Elements that seed and support community must be provided by design. These include people power as well as architectural elements.**

**Physical space is a powerful tool to foster engagement and build community;** it plays an important role in promoting inclusion and belonging among employees. And while working from home may offer increased flexibility, many workers are returning to the office at least part time to satisfy the foundational human need for in-person connection.

Fitness facilities, outdoor meeting areas, and walking paths can provide opportunities for social interaction while also confirming that the company cares for their physical well-being.

**Community-focused environments** often include the use of cafeteria or kitchen areas to facilitate connection. Instead of making snacks available throughout the day, some organizations have elevated their offerings to serve cuisine as a break event that draws the staff together to **stimulate collaboration.**

It makes good sense for organizations to focus on community to improve workplace culture and enhance the well-being of the workforce. An important element for these efforts to be successful, however, is for **leadership to demonstrate modeled behavior. If executives are not seen initiating casual conversations or utilizing amenity areas, workers may be hesitant to do so themselves.**



Forward-thinking companies are now making room for office spaces that technology simply can't provide: work environments intentionally designed for connection to thrive.



The pandemic has likely forever changed employees' expectations for empathy in the workplace. As a result of the duress placed upon leadership, employees, and consumers alike, there has been a cultural shift toward inquiry into needs, preferences, and purpose. What may have begun from a sense of obligation has taken on a vital role for leaders in building strong and resilient organizations.

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Connecting with employees and cultivating a supportive work environment is more important than ever.

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With change as a constant — and the speed of change ever increasing — empathy is key to supporting sometimes fatigued employees in maintaining pace within agile and rapidly evolving marketplaces. At a time when talent retention is a huge concern for organizations across all industries, it is critical to adopt strategies that contribute to employees feeling valued, appreciated, and positive about future opportunities within the company.

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Community and collaboration are the foundations of empathy — providing a natural pathway to connection.

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This community begins with executive leadership, who must provide the sponsorship and messaging around the importance and ethos of the work. These leaders set an example for employees and convey through their actions what is appropriate both in terms of professional conduct, but also in demonstrating vulnerabilities, willingness to experiment, and in initiating conversations that generate a sense of belonging.

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The future of empathy is more integration into organizational systems, resulting in greater flexibility and resiliency – and a more empowered workforce.

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Businesses that learn to lead with empathy and truly understand the human elements of their workforce will retain their top talent, and ultimately succeed.

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Empathy fosters innovation, inspires growth, and drives business transformation efforts.

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It continues to be the key to moving forward. In addition to its place at the start of the innovation process, empathy is now a foundational layer to approach how work gets done and relationships are built. As we progress into the future, empathy practices will be key to how we structure an inclusive and safe workplace environment.



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