

State-Of-Mind

The Hidden Driver of Individual and Organizational Performance

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This article discusses a critical, yet often overlooked, factor in business performance – a factor we refer to as “state-of-mind.” State-of-mind within a company is a dominant driver of its business results. In this article we explain what state-of-mind is, how it impacts individual and organizational performance, and how understanding the role of state-of-mind in performance can help leaders build healthier, more successful companies.

Most business leaders today recognize the importance of creating healthy organizational cultures that fuel employee engagement and well-being. Recent studies like Gallup’s *State of the American Workplace* and Towers Morgan’s *Global Workforce Study* have verified the link between employee engagement and higher earnings, improved operating margins, better customer ratings, lower attrition, and higher productivity.

Yet without question, prevailing approaches to culture building are yielding inconsistent and short-lived results, often at considerable expense. In our experience, the reason most approaches fall short is they do not effectively address the fundamental source of thriving business cultures. That source is the variable we call “state-of-mind.”

Programs Do Not Create Thriving Cultures

State-of-mind is the phrase we use to describe the feeling-state and overall spirit embodied within an organization.

When prevailing states-of-mind in a company are expansive, its people are optimistic and creative, engaged and accountable, generous and contributory. They think proactively and build strong relationships. They adapt well to change. The resilience people access in these states is a decisive factor driving good performance.

When prevailing states-of-mind are constricted, on the other hand, companies generally suffer from a litany of crises and challenges that drain energy, siphon resources, and compromise results. People in these companies consume time and energy managing things like internal politics, ego-driven managers, pervasive distrust, chronic performance issues, or bureaucratic inertia – leaving little room for the high-value creative work and collaboration that produces breakthrough results.

The Key 'Upstream' Variable In Performance

Virtually all organizations, even relatively high-performing ones, experience the constricting effects of low states-of-mind, either in the business as a whole or in discrete aspects or areas of it. But the issue generally goes undiagnosed.

A parable explains this phenomena well. It tells the story of a riverside village whose water is polluted from an invisible, upstream source. To clean the water, villagers stand watch at the river dredging a continuous flow of garbage from the water. One day, a villager abandons his post and begins walking upstream. "Where are you going?" his neighbors protest. "To find the source of this garbage and stop it from getting in the river in the first place."

The story is simple but illustrative. Lower states-of-mind are just like the upstream "source" of garbage, invisibly producing a continual stream of urgent crises, vying for attention and consuming time and resources. To most of us, it looks like the problem is the garbage. And the temptation is to dive into the river and get to work cleaning it. More difficult, and even counter-intuitive at first, is identifying and addressing the root causes.

Here are two examples of how dynamic plays out in business:

- A company that is losing market share gathers top executives to determine a response. Plagued by discord and mistrust, executives spend the time pointing fingers and avoiding accountability – the likely reason they are lagging the market in the first place. The meeting produces low levels of commitment, and executives leave mostly concerned with their own fate. When results fall short, they blame incompetent colleagues or uncontrollable

market forces, further eroding the state-of-mind in the company and undermining possibilities for a turn-around.

- A company facing poor customer reviews invests millions in new technology to improve customer service response times. The systems work as intended yet fail to address the pervasive apathy and low morale that produced sub-standard results in the first place. The new systems impose new demands on people, yet fail to fundamentally turn things around, eroding confidence in leadership and exacerbating resentment in the company.

The problem at work here is that under the influence of lower states-of-mind, human beings are simply not at their best. They bring conflict to teams and relationships. They are focused on their own needs and interests rather than those of their team and organization. Their thinking is narrow and constricted. They lack the resilience required to see through challenges and produce fresh solutions.

Complicating matters further, these compromised states-of-mind have a self-reinforcing quality, rendering them unusually persistent and impervious to change. For example, people in pessimistic states-of-mind have difficulty spotting and seizing opportunities presented by a challenging situation, a fact which they attribute to the nature of situation rather than their own constricted state of mind. This self-perpetuating feature of states-of-mind leaves leaders and companies vulnerable to persistent downward spirals in mood and performance.

State-of-Mind Is Key To Engagement

On the other hand, when people are poised and at-ease, when their minds are clear and open, when they embody well-being and emotional mastery, they access an enhanced set of capacities and attributes that include, by way of example, increased levels of:

- Clarity and Focus
- Poise and Centeredness
- Wisdom and Perspective
- Optimism and Resilience
- Fresh Thinking and Creativity
- Humility and Openness
- Adaptive with High Learning
- Vitality and Well-Being

In recent decades, scholars and practitioners from Mihaly Csikszentmihalyi to Abraham Maslow have used terms from “self-actualization” to “flow” and “presence” to describe these enhanced capabilities human beings derive in high-quality states-of-mind.

With the benefit of these enhanced capacities, people naturally turn their focus on the intrinsic rewards of doing great work and collaborating to solve tough challenges. Liberated from the tyranny of daily crises, teams have the resources and energy to produce the innovative work that yields genuine leaps in business results.

Picking up on our earlier examples:

- Executives in positive states-of-mind are focused on supporting each other and generating great results. They have inner security to put their own interests aside for the benefit of their team and colleagues, and to face difficult facts and circumstances and respond as necessary. When these executives gather to confront market changes, they embrace and tackle the challenge, and contribute their best ideas and resources. If results fall short, they use the experience to improve, adapt, learn and grow.
- Customer service professionals in expansive states-of-mind diffuse tension and put customers at ease. They bring humanity to difficult conversations. At the same time, managers in higher states-of-mind are receptive to customer feedback (even when delivered rudely) and use it to drive product improvements and a customer-centric culture. Customer service issues are nipped in the bud and turned into PR victories, while customer feedback becomes a crucial contributor to a culture of relentless innovation.

For more examples of these dynamics, Appendix A includes tables illustrating the numerous ways in which states-of-mind impacts individual and organizational performance.

Changing What We Can't See

When we share these observations with leaders, many nod their head in recognition and respond with something along the following lines: This all makes sense, but how do you do it? Is it really possible to improve states-of-mind in a way that is effective?

Their skepticism is understandable. Most people believe, for example, that high-quality states-of-mind are rare or elusive, or require complicated or esoteric techniques or processes to attain, or are relevant only to world-class performers. None of this is true.

High-quality states-of-mind are a basic and natural feature of human psychology and are readily available to people once they understand their source. Over the past three decades, developments in the field of performance psychology have placed this understanding within reach of all people, without specialized training and without complicated frameworks or methodologies.

We focus our practice exclusively on helping leaders and their organizations understand high-performance states-of-mind in themselves and in their organizations. Our approach provides leaders with deep insight into the core “upstream” driver influencing their businesses – and the wisdom and leverage to transform it in profound and fulfilling ways.

Our approach is grounded in three observations:

1. **Principles:** There is a basic set of principles that explain how human beings generate their own state-of-mind.
2. **Understanding:** When people understand these principles, their state-of-mind improves, increasing their level of well-being, vitality and engagement.
3. **Transformation:** As more people within an organization enjoy improved states-of-mind, the culture of that organization lifts in ways that fuel innovation, collaboration, productivity and results.

Climbing the “State-of-Mind Ladder”

In their groundbreaking book, “Leaders,” Warren Bennis and Burt Nanus observed, “A leader does not get the message across. A leader is the message.”

In our work with executives and organizations, we have learned that leaders who understand state-of-mind in themselves and in their organization are best capable of generating thriving, high-performing organizational cultures.

As leaders gain an understanding of the role of states-of-mind in performance, they unleash reserves of creativity, enthusiasm and resilience in their people. They direct their influence and energy on cultivating the true driver of organizational excellence: high-quality states-of-mind focused on the challenge and fulfillment of producing great results as a team.

Leaders who model higher states-of-mind have an enormous capacity to bring out the best in others. In our experience, a positive shift in the state-of-mind in even a

small subset of a company's leadership can set in motion a powerful upward spiral of positive transformation.

Such transformation generally takes the following contours:

1. As leaders improve their state-of-mind, they bring greater well-being, clarity and insight to their roles, expanding the spirit in their departments and organization.
2. Individuals pick up on the feeling-states modeled by leadership, bringing more energy and resilience to their jobs. Liberated from the drain of lower mindsets, people access more fresh thinking, creativity and enthusiasm.
3. Individuals begin making allowances for natural ups-and-downs in moods and states-of-mind, creating a "buffer" of goodwill that prevents relationship breakdowns and fuels collaboration. Fewer resources are wasted managing conflict.
4. The enhanced working culture makes it easier to attract and retain high-quality talent, while people resistant to higher states-of-mind adapt or leave, fueling further positive cultural transformation. A vital, proactive, optimistic, solution-based orientation begins to pervade the organization.
5. Higher states-of-mind resonate throughout the organizational ecosystem, touching customers, shareholders, suppliers, and other stakeholders, further enhancing business results and fueling a continued rise in the spirit of the organization.

There is, as far as we know, no upper limit to how far this positive transformation can go. In their fullest expression, high-quality states-of-mind are accompanied by deeper human feelings of inspiration, exhilaration, joy, beauty, and love – feelings that not only bring deep fulfillment to our working lives, but that fuel the most remarkable feats of human imagination and ingenuity, in business and otherwise.

New Dimensions of Excellence

Pioneering author Daniel Goldman once remarked that, "The fundamental task of leaders is to prime good feeling in those that they lead.... This is a primal dimension of leadership." We agree completely.

When leaders embrace and master their core role of expanding the states-of-mind within their companies, they access their true leverage and power as leaders. They learn to tap into new levels of engagement, fresh thinking, resilience and vitality in their people. They access the key to unlocking the enormous potential in their teams and their organization – a potential that remains dormant until unleashed by understanding.

Author Biographies

Francesco R. Barbera is a corporate attorney and management consultant with over 14 years of experience serving as an advisor to business leaders and executives. He has a J.D. from Harvard Law School and an M.A. in Psychology from the University of Santa Monica. He is the founder of Barbera Corporate Law, P.C., where he advises entrepreneurs and executives on a wide range of legal and business matters. In his work as a consultant, Francesco helps leaders address the “human” challenges associated with leading teams and organizations.

Paul David Walker, Founder & CEO of Genius Stone Partners, was part of building the first leadership firm to align strategy, structure and culture, and has been a business leadership adviser to the CEO’s of Fortune 500 and midsize companies for over 30 years. He is the author of “Unleashing Genius: Leading Yourself, Teams and Corporations.”

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Appendix A

Table 1: Illustrative Effects of States-of-Mind on Performance

State-of-Mind	Individual Implications	Organizational Implications
Overwhelmed, Frenzied Perpetuating Perception: “there is so much to do”	Inefficient Unfocused Exhausted Lack of Long-Term Planning	Scattered Resources Minimal Traction Burnout and Attrition
Angry, Resentful Perpetuating Perception: “their actions are unfair”	Distracted Undermining Uncooperative Disloyal	Internal Divisiveness Corporate Politics Low Morale High Attrition
Discouraged, Pessimistic Perpetuating Perception: “nothing goes my way” “the situation is hopeless”	Lethargic Uncreative Procrastinating Lack of solutions	Low Moods Limited Energy High Attrition
Bureaucratic, Passive Perpetuating Perception: “my contributions are not valuable” “it doesn’t matter”	Lack of initiative Lack of creativity Reactive Self-Protective	Sluggish Performance Minimal Innovation Resistance to Change
Opportunistic, Cynical Perpetuating Perception: “everyone is out for themselves”	Takes short-cuts Excessive risk-taking Lack of communication Unable to collaborate	Legal & Business Exposure Weak Partnerships Lack of Cohesion
Controlling, Mistrustful Perpetuating Perception: “people are untrustworthy” “my way is right”	Productivity bottlenecks Lack of creativity Unable to develop people Unable to build team cohesion	Alienate Partners Stifle creativity Repel quality performers
Insecure, Defensive Perpetuating Perception: “people are out to get me” “I need to prove myself”	Rigid and inflexible Impervious to feedback Reactive and impulsive People pleasing	Low innovation Disempowered teams Internal conflict

Table 2: Higher States-of-Mind and Organizational Health

State-of-Mind	Individual Implications	Organizational Implications
Calm, Poised	Focused Balanced Methodical	Reduced Errors Improved Efficiency Customer Satisfaction Higher Margins
Engaged, Energized	Collaborative High Energy Creative	Rapid Innovation Market-Leading products Strong Customer Relationships
Inspired	Foresight and Wisdom Seamless Collaboration Profound Insights	Pioneering New Products Create New Markets Customer Devotion

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