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Bringing in a coach helped eliminate some of the crippling emotional effects of a merger

THE PURSUIT OF HAPPINESS

How the young science of happiness is helping entrepreneurs build thriving companies—or at least feel like they are

BY JILL HAMBURG COPLAN

PHOTOGRAPHS BY DAVID YELLEN

TO UNDERSTAND how positive psychology—the so-called science of happiness—is being used by entrepreneurs, it helps to look at a company under siege. After all, it's one thing to talk about the connections between a positive mental state and a healthy company when a business is running well, turning a profit, and grabbing new customers. But tougher times really test entrepreneurs, separating those who hunker down and hope the worst will pass from those who use their strengths to find opportunity amid rubble.

Robert Aliota is determined to be, when necessary, one of the latter. In 2004, Aliota, the owner of Carolina Seal, an 11-employee Charlotte (N.C.) company that makes custom-engineered parts for DuPont and John Deere, among others, learned that a competitor had pounced on one of his key segments. Worse, the rival had hooked ExxonMobil, a customer that had eluded Aliota.

Rather than hole up in anger or fume, Aliota followed a central tenet of positive psychology: capitalize on your fundamental character strengths, especially when things get bleak. Aliota's strengths include extroversion, optimism, and generosity. He had in the past referred business to the rival and toured its plant. Now he concentrated on cementing the relationship. Not long after, he got a call from his competitor: ExxonMobil needed a special part. Could Aliota supply it? Four years later, he and the onetime rival "are as closely allied as you can get without a legal alliance," says Aliota.

Coaches specializing in positive psychology are selling entrepreneurs a twofold promise. One is that optimism and cheerfulness have a measurable effect on the bottom line. The other is that happiness is a muscle you can strengthen. Aliota is buying all of it. "We're capable of thinking in a more posi-

David Pollay
ADVISER

Founder, The Momentum Project, Ocean Ridge, Fla.

His seminar helped CargoWise's top U.S. employees find common purpose

tive way, but you need help to learn how," he says. That Carolina Seal has posted three years of double-digit growth, Aliota says, "is a lot due to the awareness we've gained." He hires for strengths rather than résumés, and when necessary, he redeploys staff to create a better fit. His employees get more extensive training, and therefore, far more autonomy (Aliota took his first-ever two-week vacation this summer). Aliota begins and ends meetings with praise rather than criticism. And he has changed how he frames his mission. "We're a personal- and career-development company," he says. "It turns out the by-product is engineered rubber, metal, plastic, and foam."

POSITIVE PAYOFF

These ideas will no doubt ring a bell with anyone familiar with the work of humanistic psychologist Abraham Maslow or any of the truckloads of pseudo-scientific career-coaching books. What makes positive psychology different, its proponents say, is a decade of clinical trials, making sometimes-controversial use of brain-scanning technology, that have measured and refined what happiness can do. They've looked at how much an upbeat mood, for example, reduces the time it takes a team of doctors to make a tricky diagnosis. They've found that a social worker will make twice as many visits to clients if he or she feels appreciated.

Positive psychology, in its current form, was born at the University of Pennsylvania in 1998, when Martin E.P. Seligman, then a Penn professor and president of the American Psychological Assn., made the study of positive emotion the theme of his tenure and developed a master's program for its study. Positive psychology caught fire, with Penn remaining the locus. In 2002, the University of Michigan's business school began offering PhDs in Positive Organizational Scholarship. In 2004, Case Western Reserve University began granting MBAs in Positive Organizational Development. Since then, hundreds of happiness-and-business researchers have taken on assignments at companies as various as Toyota Motor, Ann Taylor Stores, BP's Castrol Marine, and Standard Chartered Bank, as well as the Scottish city of Glasgow and the U.S. Navy. Most graduates of Penn's master's program have fanned out to academia or big corporations. But a few, mostly from business-owning families, are taking the discipline to entrepreneurs.

THE EVIDENCE ISN'T CONCLUSIVE, BUT RESEARCH SUGGESTS HAPPINESS AT WORK CAN IMPROVE REVENUE, PROFITS, CUSTOMER LOYALTY, STAFF RETENTION, AND WORKPLACE SAFETY

Their argument is simple. A decade of research suggests that happiness at work—defined as pleasure, engagement, and a sense of meaning—can improve revenue, profitability, staff retention, customer loyalty, and workplace safety. Many of the studies are preliminary. They aren't cross-cultural or long-term. But they strongly suggest that postive emotion increases creativity and problem-solving ability and aids in fighting stress.

Cheery thoughts aren't for everyone all the time. Plenty of jobs require anxiety, pessimism, and even fear, research-

A Positive Psychology Handbook for Entrepreneurs

Here's how consultants help business leaders apply positive psychology in their companies.

1] MEETINGS

TACTIC Start meetings by sharing positive client feedback, or have everyone share a recent success story in a minute or less. Wrap up by asking everyone to acknowledge someone or something that made them more effective that week. That will call attention to and foster teamwork.

WHY TRY IT? Research suggests gratitude, positive emotion, and engagement improve productivity, reduce turnover, and boost profits. Other research shows measurable increases in happiness and bonding after people share success stories.

2] PERFORMANCE REVIEWS

TACTIC Rather than emphasizing problems, focus on the worker's value. Ask the employee to take a strengths assessment (such as Gallup's StrengthsFinder, or see authentichappiness.com). If the staffer's strengths are not in sync with his or her duties, try to realign the worker's responsibilities so the person can do what he or she does best each day.

WHY TRY IT? Workplace studies show recognition and appreciation boost performance better than criticism. One landmark study of Chinese students found that happier ones solved complicated problems faster. Other theories say happy comments and encounters must outnumber negative ones 3 to 1, since bad emotions are so durable and damaging.

3] HIRING

TACTIC Get the best fit by hiring for character rather than skills. Seeking out applicants' emotional strengths, such as a sense of purpose, optimism, and emotional intelligence, will help you find employees who'll go beyond the call of duty.

WHY TRY IT? Studies show that when strengths match tasks, workers are more likely to achieve what one of positive psychology's founders, Mihály Csíkszentmihályi, dubbed "flow"—the pleasant state of complete absorption in a task. Those employees are also (by Gallup's measure) 38% more productive and may make better decisions.

4] A WORKSHOP

TACTIC A one-hour or half-day seminar may be able to inspire staff with a sense of purpose and meaning about their work and the company.

WHY TRY IT? David L. Cooperrider, a professor of organizational behavior at Case Western Reserve University's Weatherhead School of Management, invented a method called appreciative inquiry. He says that when group members discuss the organization's larger purpose and their contributions, the morale lift has measurable results. Cooperrider says it led garage workers at Roadway Express to come up with $1 million in cost savings. Research with hospital janitors found that when they identified a higher calling—"helping patients heal"—they put in more time and were more conscientious.

ers say. Airline pilots facing ice shouldn't be optimistic. Nor should accountants spotting fishy numbers, or regulators probing corruption. No research, however, suggests that a dour outlook helps entrepreneurs succeed. Aliota's coach, David J. Pollay, grew up working in his family's business and now heads The Momentum Project, a consulting firm in Ocean Ridge, Fla. For most entrepreneurs, Pollay says, "negativity is just not necessary."

True enough, some say, but that doesn't necessarily mean a focus on happiness is the answer, either. Such noted psychologists as Harvard University's Jerome Kagan, who has studied temperament for 50 years, caution that the psychology and biology of happiness are little understood and vary dramatically across time, cultures, and individuals (page 48). "A suicide bomber who's really committed to the cause feels very happy the moment before he blows himself up," Kagan says.

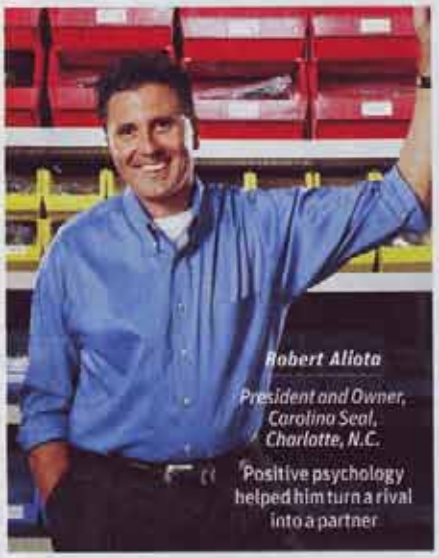
Causality is also a problem: Does being cooperative, engaged, and generous make an entrepreneur happy, or are naturally happy people just more cooperative, engaged, and generous? Another criticism, buttressed by studies of identical twins, is that people's general baseline temperament, or set point, is between 50% and 80% inherited, making it very difficult to change.

But this much seems certain: People can take control of certain actions that will make them happier for a time, such as setting appropriate goals. They can add gratitude, hope, and a dose of self-control to each working day. And it's clear that happy bosses perform measurably better, building productive teams and inspiring loyalty.

WHAT ARE YOU GOOD AT?

Positive psychologists start by asking their clients to take a test that evaluates a person's strengths, on the premise that doing what we're best at naturally brings joy. Thirty years of Gallup surveys have found that the most successful companies are ones whose employees believe they get to do what they do best every day. (Only one-third of working people do.) Penn's test, which measures 24 attributes, is free online at viastrengths.org. Such an analysis can help entrepreneurs figure out the most productive uses of their time, but it can also be useful in hiring. Having a spectrum of strengths on staff is crucial for small and startup businesses, says Tom Rath, the head of Gallup's workplace research and consulting arm.

Once an entrepreneur knows his or her strengths, it's time to put them to use. That's what Melanie Morlan, owner of FirstBreathe.com, a wellness and athletic training company in Spokane, Wash., needed to do. She spent a decade working with the U.S. Olympic Committee and professional cyclists, including Lance Armstrong, before taking time out to raise her son. She wanted to reenter the workforce by building a larger consulting practice than she'd once had, offering nutrition counseling, coaching in weight loss and stress reduction, and building a Web site and blog. But she couldn't get started. "I'd get scared and set up roadblocks," she says, telling herself she'd never succeed and ignoring her to-do list. She eventually called on Senia Maymin, a coach and, like Pollay, a graduate of Seligman's program. Maymin also holds an MBA from Stanford University, and she knows family business and entrepreneurship firsthand, having worked alongside her father and brother at their hedge fund and cofounding three tech startups. Maymin helped Morlan exploit her strengths, of which creativity is first. So if Morlan lost a valuable client or made a bad decision, instead of spending the afternoon moping, she would turn to designing and building her Web site. "Creativity stimulates me," she says.



OFFER PRAISE

Even if emotional qualities do not show up among your top strengths, positive psychology coaches recommend trying to build stronger bonds with and among your staff. Barbara L. Fredrickson, a psychology professor at University of North Carolina at Chapel Hill, is studying the flip side of the adrenaline-fueled fight-or-flight response. She says an equal and opposite phenomenon occurred when our ancestors were content: Their brains flooded with with a stay-and-create chemical, possibly dopamine. Her theory is that while the anger-and-fear response kept us from being eaten alive, civilization's creations came about thanks to "happy" chemicals and what she calls the "broaden-and-build" state of mind they trigger. At work, that same reaction should make staffers more resilient in crises and more likely to be receptive to new ideas, while deepening collegial relationships and mutual respect. Despite the heavy theory involved, building stronger ties with those you work with can be as simple as offering abundant praise and recognition when appropriate; giving staff tailor-made rewards for performance; and letting them be themselves—maybe in the way they mark special occassions, maybe in the way they decorate their workspace.

Next in the consultants' toolkit is fostering appreciation. Studies suggest businesses succeed when their cultures are imbued with a sense of purpose—for owner and staff. Much work in that area has come from David L. Cooperrider, who heads the Center for Business as an Agent of World Benefit at Case Western Reserve University's Weatherhead School of Management. His workshop method, called Appreciative Inquiry, asks participants to reflect on, write about, and share aloud why their job and company matter. "There's a huge fusion of strengths, and every voice becomes part of designing the future of the company's business," says Cooperrider.

TRACKING RESULTS

If all this sounds too fuzzy for you, well, just speak with Juan Humberto Young, the founder of seven-person consulting firm Positive Decision Analysis, in Zürich. A positive psychology consultant and another Penn graduate, Young hears one criticism most: Positive psychology is too soft for numbers-obsessed business owners.

With a background running an asset restructuring unit at UBS, Young recognizes the importance of statistics. So every one of his clients measures his or her progress against customized metrics. An eight-store retail chain tracked its revenues—up 10% after three months. A bank watched its deposits rise 20%. And a hospital, long plagued by interpersonal conflicts, slow response times, and a backlog in the emergency room, saw the number of operations completed rise 8%. Young ties some of his firm's compensation to these results.

Even so, says Young, who teaches at Switzerland's prestigious University of St. Gallen, many still balk. When he worked at UBS, he recalls, even the craziest trading idea would get a serious hearing. But the idea that "to create appreciation

Q&A | Jerome Kagan on positive psychology's negatives

Jerome Kagan, a developmental psychologist and emeritus professor of psychology at Harvard University, has written or edited 24 books on emotions and temperament. In a conversation with correspondent Jill Hamburg Coplan, he casts doubt on positive psychology, the so-called science of happiness.

Q: You've said one problem with positive psychology is simply defining happiness.

A: The term is completely ambiguous. Some people use it when their internal "feeling tone" is serene and relaxed. Others will say they're happy because they had a miserable childhood and their current life is better, even though their feeling tone isn't very good.

Q: Is there anything wrong with workplace exercises to increase gratitude, appreciation, or a sense of common purpose?

A: These exercises are excellent, and they do make people happy—temporarily. Being kind to your colleague will help everybody feel they're virtuous and automatically give them a brief bout of happiness. But its effectiveness is limited. These are all temporary palliatives. Humans are very vulnerable to believing in any change—for a brief moment they feel hopeful and happy, and then it vanishes. If you paint the walls a new color, productivity will go up, but in six months, it returns to what it was.

Q: What does your research on temperament say about happiness?

A: Between one-quarter and one-third of humans inherit a chemistry that makes it easy for them to feel relaxed and exuberant. For another 10% to 15% of people, it's just much more difficult to feel chronically happy. Remember *The Odd Couple*? Oscar has a temperament to be happy, and Felix could never be happy. Oscar gave Felix good advice, which Felix could not follow.

Q: Do you agree with positive psychology's calling card, that it's rigorously scientific?

A: There is science to show people can feel temporarily better. There's research on spirituality, for example: If you compare people given a diagnosis of cancer, those with a deep spiritual commitment live longer and complain less. Spirituality mutes uncertainty and tension. Positive psychology is based on the fact—which many people have noticed—that a brief period of happiness often follows a kind act, exercise, going to church, or many other experiences. Rituals temporarily make people feel better. You go to a healer or the psychoanalytic couch, or give money to charity, and then feel better. That is a feature of being human. The problem with positive psychology is that all humans do not find happiness in the same ways. Some people feel happy when they deceive another or take revenge on someone.

(BOTTOM) PHOTOGRAPH BY SHAWN HENRY

will make you more efficient and profitable—that's very difficult for [clients] to hear."

INTO THE ZONE

The last piece of the puzzle relates to exercising power over the self. The father of this field, called "self-regulation," is Stanford's Albert Bandura, a pioneer on overcoming phobias and in designing disease prevention campaigns. Few would argue with the notion that change is difficult, but research suggests that if you can master self-discipline in something as seemingly inconsequential as your posture, it will seep into your work life.

Coach Maymin delves into this with her clients, many of whom seek her out when they are between ventures. She says that to be able to get routinely into the mental state that Mihály Csíkszentmihályi (pronounced "cheeks sent me high"), another founder of positive psychology, calls "flow"—complete absorption in a task—entrepreneurs must craft a workload that's challenging but not too tough. Its demands should fully use an entrepreneur's abilities, the same way endurance athletes train just at their physical limit. "In the athletic domain, everyone can see it," she says. Psychologically, too, "self-regulation is a muscle you can train over time." She assigns her clients a small, daily exercise challenge each week, based on research that says if you accustom your body to pushing just past its comfort zone toward ever-retreating goals, "you can do the exact same thing in your company"—push past your comfort zone and achieve goals once thought to be out of reach.

Senia Maymin
ADVISER

As athletes push their bodies just beyond their comfort zones, "you can do the exact same thing in your company"

Including, perhaps, smoothing out a messy merger. CargoWise EDI was, until 2006, a 50-person software company in Mount Prospect, Ill., serving the freight-forwarding industry. Founder and then-President Cris Arens called for a psychology coach after a combination with an Australian counterpart quadrupled its size, bruised egos, turned longtime policies and procedures upside down, and dashed morale. During Christmas 2006, Pollay ran a daylong seminar to get CargoWise's top U.S. employees to appreciate their individual strengths and find common purpose. They recalled when they were at their best. They thought about the company's wider purpose: creating jobs that support hundreds of families; cooperating while doing something they enjoy; producing useful products that facilitate commerce. None of it was groundbreaking, but employees didn't usually articulate these things. They talked about negative forces that were beyond their control and vowed not to be derailed by them.

"We're from the freight industry, so there was a lot of cynicism," says Arens, who calls himself "a blue-collar, down-to-earth person." But he also says the boost to morale was palpable. He brought Pollay back the next year to train the rest of the North American team. Now he's using the same techniques at HarneTech, his new green-building certification company.

Aliota at Carolina Seal says happiness science has led him to make lasting changes. For one, he regularly recalls and dissects his moments of entrepreneurial triumph, "times when I was truly in the zone, utilizing my natural strengths and having fun" as a sort of happiness fuel. One such moment came during a visit by respresentatives of a maker of giant water purification systems. Escorting the visitors on a tour of his newly renovated industrial facility, he introduced the whole staff by name. He shared the story of building the business up from two plastic shelves in his garage. He queried his prospects about their needs. During lunch, they connected over family and community matters. When Aliota and his prospects shook hands in the parking lot, the guests said they were ready to sign a deal—during a break, they'd canceled visits to two of Aliota's competitors.