



How Humor Will Improve Your Corporate Culture And Your Bottom Line

The use of humor in the workplace has a somewhat controversial history. While some people view humor as an effective motivator and educational tool, others see it as a distraction at best and destructive at worst. Often, the evidence used to support either claim is anecdotal. So which argument is correct? Does humor actually play an important role in creating better and more productive teams? Or to put it another way, *can a humorous approach to learning actually improve your revenues?* It turns out that the answer to those questions is yes. And here's why we know that to be true.

PROOF THAT HUMOR WILL INCREASE YOUR PROFITS

We're going to start with the most important element of any business – your bottom line. There's no getting around the fact that if you don't sell enough products and services to your customers, you eventually won't have a business anymore. So what exactly does humor have to do with helping you improve your sales?

The answer, as it happens, is a lot more than you might think. But first let's talk about how humor can help you personally.

A 2003 study published by the Harvard Business Review found that executives who used humor effectively at work were consistently ranked "outstanding performers" by their superiors and – here's the interesting part – they also received bigger bonuses than their peers. To quote directly from the report: "In other words, the funnier the executives were, the bigger the bonuses."

As it turns out, *being humorous at work can actually accelerate your career.* This Harvard Business Review study serves as concrete proof of something that business leaders have known intuitively for a long time: humor is an important part of being professionally successful. These findings gel quite nicely with the results of various surveys of business executives. Among others:

A Robert Half International survey found that 91% of executives believe a sense of humor is important for career advancement, and 84% feel that people with a good sense of humor do a better job.

A study by Bell Leadership Institute found that the two most desirable traits in leaders were a strong work ethic and a good sense of humor.

However, not all of us would consider ourselves to be naturally "funny." So does that mean humor won't work for you if you don't feel you have a 'gift' for it? Absolutely not. While an individual might benefit personally from using humor at work, a business can't expect all of its employees to do so on their own.

However, a business can benefit from the positive effect of humor on revenue in a number of ways – by encouraging employees to enjoy themselves at work, by training its employees with a humorous approach, or by encouraging employees to devise entertaining solutions to difficult problems. These are just a few examples of how a company can create a culture in which humor is an integral part of the business, and doing so will lead to higher revenues.

How do we know? We'll start with the well-known example of Southwest Airlines. During his tenure as CEO, Herb Kelleher insisted on hiring employees with a good sense of humor. In his own words, "What we are looking for, first and foremost, is a sense of humor . . . We don't care much about education and expertise, because we can train people . . . We hire attitudes." During interviews, candidates were specifically asked to explain how they might use humor to defuse a difficult situation. Southwest is also well known for incorporating humor into its employee training.

And the numbers speak for themselves. During his tenure as CEO, Herb Kelleher **returned the highest shareholder value of any company in the S&P 500**. Even after Kelleher's departure, Southwest has continued to profit from their emphasis on humor. In 2013 Southwest recorded its **best quarter ever** and its **41st consecutive profitable year, a record for the airline industry**. Obviously there are multiple factors that have contributed to Southwest's success, but there is no denying that their heavy emphasis on making humor an integral part of their culture has been a key component.

But even with this real-world example, you might still be unconvinced. After all, Southwest is just one company. Herb Kelleher was a unique individual. Surely Southwest's approach can't work for all types of businesses across all types of industries, right?

Wrong.

The Great Place to Work Institute surveyed 1 million business professionals and discovered that the top 100 organizations every year (the Fortune 100) have more than 80 percent of their employees who say they have fun at work. By comparison, fewer than 60% of employees in companies that fail to crack the top 100 say they have fun at work.

The research is clear. Incorporating humor into business – whether personally, in your employee training, or anywhere else – will increase your bottom line. Period.

WHY DOES HUMOR HAVE A POSITIVE EFFECT ON REVENUE?

The Great Place to Work study confirms a truth that all of us instinctively know – *when people enjoy what they're doing, they work more effectively, efficiently, and productively*. There are too many possible explanations to go into all of them in detail now, but here are seven advantages to incorporating humor into your corporate culture.

1) People will enjoy working with and for you, and customers will be more inclined to buy your products and services. All of us like working with people whose company we enjoy. A recent white paper by The Ken Blanchard Company revealed that bad leadership costs organizations up to 7% of their annual revenue in the form of employee disengagement and customer attrition. By making humor a central part of the way you do business, you'll help develop the kind of employee and customer loyalty that will make your business more profitable.

2) Humor defuses stress. There's no question that humor is one of the best stress-relievers there is, and that is definitely worth money. Why? Because The American Institute for Stress estimates that unanticipated absenteeism costs American companies \$602.00 per worker per year, and approximately 60% of those absences can be traced to psychological problems related to job stress. In other words, the intelligent use of humor at work has the potential to save you hundreds of dollars per employee per year.

3) Humor puts others at ease. Humor is an excellent way to approach a difficult subject, address potential conflicts, and otherwise defuse challenging situations. As conflict resolution represents the single greatest reducible cost in most companies, the use of humor can help you avoid problems before they start – problems that would end up costing you both time and money.

4) Humor inspires creative thinking and problem-solving. According to Michael Kerr, the author of *Inspiring Workplaces: Creating the Kind of Workplace Where Everybody Wants to Work*, "Humor helps people play with ideas, lower their internal critic, and see things in new ways." As creative problem-solving is one of the most important skills any businessperson can develop, it almost goes without saying that a humor-infused culture will help you resolve issues more quickly, creatively, and elegantly than you would otherwise.

5) Humor builds trust between coworkers – and between businesses and their customers. In 1998, research by the Hay Group and Daniel Goleman found that superior leaders possess a high self-awareness and an exceptional ability to empathize – both qualities that can be developed through the use of humor. Using humor can help your employees trust you and your mission more thoroughly, and numerous studies have shown the positive correlation between trust and profit. Not to mention that

consumers prefer to buy products from companies they feel they can trust.

6) Humor improves morale. See the results of The Great Places to Work study again. If people like where they work, they will work harder, miss fewer days, and return a higher value to their employer. The intelligent use of humor can also make a person or company appear more intelligent and more approachable.

7) Humor can allow your company to stand out. During the 2013 Super Bowl, GoDaddy ran a well-received humorous ad. The next day, GoDaddy recorded the most sales in a single day in the history of the company. The use of humor has long been a staple of advertising companies to pique consumer interest and help them better remember the product they're selling, but the advantages of humor aren't limited to product sales. Delta Airlines, for example, has produced four humorous safety videos in the last two years, specifically in order to "keep people engaged while watching such an important message," according to Delta spokeswoman Leslie Scott. If safety videos can be made entertaining to increase engagement and knowledge retention, so can anything.

CONCLUSION:

The evidence is clear. On an individual level, the intelligent use of humor will help you advance your career more quickly and can even lead to bigger bonuses. On an organizational level, the intelligent use of humor will lead to more innovation, higher levels of loyalty and enthusiasm on the part of your employees and customers, greater levels of trust, reduced workplace conflicts, and more money. In fact, as we've shown in this paper, the companies who understand this and make humor an integral part of their operations are already seeing higher revenues as a result. This is why we've dedicated ourselves to infusing our top-quality professional development education with a healthy amount of humor, and it's why we're certain that you'll see the benefits yourself as soon as you're ready to give it a try.

"A sense of humor is part of the art of leadership, of getting along with people, of getting things done." *Dwight D. Eisenhower*

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