“There is a difference between doing the next thing right and doing the next right thing.”
ERA OF BEHAVIOR
Top Behaviors that CEOs want

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration</td>
<td>75%</td>
</tr>
<tr>
<td>Communication</td>
<td>67%</td>
</tr>
<tr>
<td>Creativity</td>
<td>61%</td>
</tr>
<tr>
<td>Flexibility</td>
<td>61%</td>
</tr>
</tbody>
</table>

n=1709 CEOs
Human energy

The human element

The human network

Designed for humans

Human flourishing

We speak human

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Employee Engagement

Engaged: 13%
Disengaged: 63%
Actively disengaged: 24%
Consumer Loyalty

25% not loyal at all
50% sort of loyal
25% very loyal

67% switched because of poor customer service
54% have raised their expectations
65% cite "broken promises" as main source of frustration

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Scale Humanity
“When we operate according to these principles, stockholders should make a fair return.”

Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers’ orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens — support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Johnson & Johnson
Measuring “how much”

- GDP
- revenue
- profit
- market-share
- debt
- resource
- page views
- followers
Measuring how we do business
36,000 employees, 2M observations
HOW indices

- Trust
- Values
- Mission
- Freedom
- Resiliency
- Inspiration
- Speaking Up
- Collaboration
- Connect & Collaborate
- Values
- Inspiration
- Significance

- Command & Control
- Carrots & Sticks
- Rules
- Success

- Rigid Hierarchy
- Dictatorial
- Coercion

AUTOCRATIC

RULES-BASED

HUMAN
AUTOCRATIC

43%

RULES-BASED

54%

HUMAN

3%
Recommend as employer
Financial performance
ADOOCRATIC
RULES-BASED
HUMAN

Adopt ideas
Good reputation

97
99
84
81

73
98
48

25
45
33

73
84
99

93
74
98
“We are a human organization” 27% 3% 46% 84% 39% 7%
“We inspire our people” 27% 4%
“We use coercion” 46% 84%
“We reward values-based behavior” 39% 7%
I am willing to put in a great deal of effort beyond what is normally expected in order to help my company be successful.

My company has a very good reputation among its customers.

My company invests in the communities in which it operates.

I try to inspire others in my company through my comments and actions.

My company has very satisfied customers.

If I have my way, I will be working for my organization 12 months from now.

My company takes its responsibilities to the community very seriously.

I am willing to recommend my company to a friend as a place to work.

Good ideas are readily adopted by my company.
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>‘Freedom From’</th>
<th>‘Freedom To’</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>Micromanagement</td>
<td>Adopt good ideas</td>
</tr>
<tr>
<td></td>
<td>Retaliation</td>
<td>Challenge authority</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Complicated contracts</td>
<td>Align purchases with principles</td>
</tr>
<tr>
<td></td>
<td>Take-it-or-leave-it attitude</td>
<td>Flexibly fulfill needs</td>
</tr>
<tr>
<td><strong>Supply Chain Partners</strong></td>
<td>Strict oversight</td>
<td>Voice concerns</td>
</tr>
<tr>
<td></td>
<td>Little flexibility</td>
<td>Share common values</td>
</tr>
<tr>
<td><strong>Community</strong></td>
<td>Opaque information</td>
<td>Participate in decision-making</td>
</tr>
<tr>
<td></td>
<td>One-way conversations</td>
<td>Invest in local economy</td>
</tr>
</tbody>
</table>
834 professionals and executives at U.S. companies with greater than 1,000 employees or more than US$ 1.5 billion in revenue
Freedom From / Freedom To Boosts Business Performance

- Financial Performance: 3.4x to 10.7x
- Innovation: 4.6x to 20x
- Long-term success: 6.6x to 20x
<table>
<thead>
<tr>
<th>Sustainable Values</th>
<th>Situational Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Respect</td>
<td>Winning</td>
</tr>
<tr>
<td>Honesty</td>
<td>Achievement</td>
</tr>
<tr>
<td>Creativity</td>
<td>Discipline</td>
</tr>
<tr>
<td>Fairness</td>
<td>Aggressiveness</td>
</tr>
<tr>
<td>Passion</td>
<td>Conformity</td>
</tr>
<tr>
<td>Open-mindedness</td>
<td>Obedience</td>
</tr>
<tr>
<td>Humility</td>
<td>Assertiveness</td>
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