

THRIVE XM INDEX 2020

Insights Report

A comprehensive study of how a focus on
Employee Experience drives Individual and
Organizational Resilience

THRIVEXM
INDEX



SAP SuccessFactors

qualtrics^{XM}

THRIVE  GLOBAL

A Note From Our Founders

Our future is going to be defined not just by change, but by a constantly accelerating rate of change. And the single most important quality to navigate change and uncertainty is resilience. The most successful companies don't wait to react to challenges and crises as they occur. They're not trying to simply withstand shocks, get through challenges and preserve the status quo. They use change and disruption to improve, expand and get better. But companies are only as resilient as their people. It's people that are the most important resource for the long-term survival of any business. That's why companies that prioritize the well-being of their people are more resilient, and, ultimately, more successful. And that's what the Thrive XM Index is all about.

Created in partnership between Thrive Global, SAP SuccessFactors, Qualtrics and Fortune, the Thrive XM Index uses a first-of-its-kind methodology for assessing and quantifying the people experience, and proving how employee well-being is directly connected to business outcomes.



**Arianna
Huffington**

CEO & Founder,
Thrive Global



Jill Popelka

President,
SAP SuccessFactors



Jay Choi

EVP and GM of
Employee Experience
Business, Qualtrics

THRIVE XM INDEX

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THRIVE XM INDEX 2020

Introduction

This project began with a shared belief — that when people feel supported, the companies they work for are more agile, more resilient, and better positioned to succeed.

We know this to be true from our own experience — as employees, leaders, and human beings. But when we went looking for data to support this belief, we found very little.

So in early 2019, we decided to find out for ourselves, launching the first-ever study to examine the full range of the employee experience and measure its connection to business outcomes. The Thrive XM Index goes beyond any other survey to date, giving an unprecedented and holistic look at the connection between individual well-being and organizational agility, resilience, and performance.

The results of our research are conclusive, demonstrating that employee experience and well-being are correlated to organizational agility, resilience, and better business outcomes. This was made even clearer by the challenges posed by the pandemic, when companies and their employees have faced unprecedented obstacles, disruptions and stress. In these times of uncertainty, change and turmoil, individual and organizational resilience are more important than ever.

The insights in this report show that the long-term health and well-being of any company's bottom line is deeply connected to the employee experience, especially in the moments that matter most to its people. At a time of profound change, we believe these findings can transform the way we think about resilience and performance — for individuals and companies alike.



Thrive XM Index Scoring Breakdown

Unlike existing, employer-centric corporate surveys, the defining differentiator of the Thrive XM Index is a focus on holistic well-being and organizational impact, considering the full range of human experience, in which work is a key factor—but not the only factor. As such, the Thrive XM Index uses a one-of-a-kind scoring algorithm composed of 65 predictor variables to generate a Thrive XM Score that we then use to correlate and predict impacts on critical organizational KPIs.

1/3

Moments

One-third of an organization's Thrive XM Score is composed of employee ratings about the impact their organization has had on up to 45 specific Moments that they've experienced while working at their organization. These individual ratings across all experienced Moments were then aggregated to form an overall Moments score. Examples of such moments include having or trying to have a new child; getting a new supervisor; taking time off due to illness; planning for retirement; transitioning to working remotely; and many more. (For the full list, see the Appendix, Page 24)

1/3

Experiences

One-third of an organization's Thrive XM Score is composed of employees' holistic ratings of employer impact across five key life Experiences. These Experiences are the 5 broad categories that Moments ladder up to overall, impacting employees' lives when it comes to:

- Friends & Family
- Career
- Health
- Finances
- Time

1/3

Facets of Well-Being

The final third of an organization's Thrive XM Score is composed of aggregate employee ratings about the impact their organization has had on five key facets of employee well-being:

- Body (physical well-being): Full energy through adequate sleep, nutrition, and exercise
- Mind (psychological well-being): Positive emotions and capabilities to manage stress and remain focused
- Connections (social well-being): Sense of belonging and being supported
- Resources (work-life balance): time available to disconnect and invest in one's well-being
- Motivation (sense of purpose): Sense of contribution and feeling that their lives are meaningful



THRIVE XM INDEX 2020

Thrive XM Index Outcomes & KPIs

Thrive XM Index scores and individual ratings of organizational impact were then used to explore critical organization-level resilience and performance indicators in two ways: 1) Employee reported ratings of KPIs such as intent to recommend and/or remain with the organization; rates of discretionary effort and engagement; perceived stress, productivity, and performance; and more. As well as 2) Objective organization-level business indicators of success, including total revenue, revenue per employee, return on equity, EBITDA margin, and more.

Aggregate Thrive XM Index scores were used to comprehensively and empirically examine how a focus on Employee Experience drives both individual and organizational resilience and performance. Ratings specific to Experiences and Moments were also used as individual predictors to identify meaningful differences among various demographic groups, as well as to isolate and identify top drivers of leading business KPIs.

Employee Outcomes

- Retention Likelihood
- Perceived Stress
- Discretionary Effort (Engagement)
- Likelihood to Recommend (Advocacy)

Organizational Outcomes

- Revenue
- Revenue Per Employee
- Return on Equity
- EBITDA Margin

And more...

“

We must fundamentally reimagine our work culture to build mental resilience at its core. It means moving from a burnout culture to a culture with well-being at the center. It means trading a 'check your life at the door' mentality for true work-life integration and mental and emotional support. And it means moving from a workplace that works for some to an empathetic and inclusive workplace that works for all.

ARIANNA HUFFINGTON



The Dataset

All employee experience data was collected between August and November, 2019. Thrive XM Index scores were calculated only for those companies eligible for the Fortune 500 and for whom financial performance metrics were available.

To further ensure employee experience data truly reflected a representative sample of each organization's population, we further required enough people in each participating company to respond such that results are accurate to a 95% statistical Confidence Level and 5% Margin of Error or better.

Total Thrive XM Index scores were based one-third on employees' Experience data; one-third on employees' Moments data; and one-third on employees' Well-Being data.

20K+

Employees

More than 20,000 full-time U.S. employees responded to the survey.

900+

Companies

More than 900 distinct companies were represented, including 72 of the Fortune 100.

2MM

Data Points

The final dataset consisted of more than 2 million unique data points.

100+

Questions

The assessment was composed of more than 100 questions.



Employee Experience as a Predictor of Organizational Resilience and Performance

We examined the relationships between Thrive XM Scores among all eligible organizations and their business performance outcomes from 2019 to 2020, including since the World Health Organization declared COVID-19 a pandemic in March 2020. Across this timeframe, the results speak for themselves.

Looking first at Fortune 500 rank changes from 2019 to 2020, as well as 2020 year-to-date performance, we see:

+11

Fortune 500 Rank

The average F500 rank change from 2019 to 2020 among the Top 10% of companies in the Thrive XM Index was an improvement of 11 spots.

9.9%

Return on Equity

The Top 10% of companies in the Thrive XM Index have also outperformed their industry's average Return on Equity, year-to-date (Q1-Q2) by an average of 9.9%.

+\$53

Revenue Per Employee

Across all eligible Thrive XM Index companies throughout the duration of this timeframe, every percentage point increase in a company's Thrive XM Index Score predicted a corresponding increase of \$53.53 in revenue per employee.

16.4%

Growth

Companies that scored in the top 25% of the Thrive XM Index averaged 16.4% growth in revenue between 2019 to 2020.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. Revenue per employee—calculated as a company's total revenue divided by its current number of employees—is an important ratio that roughly measures how much money each employee generates for an organization.

Companies Prioritizing Employee Experience Have a Competitive Edge

We further explored how positive employee experience and individual-level resilience is reflecting organizational-level resilience, agility, and performance from the start of the pandemic through Q2 2020.

Again, we see strong evidence among leading financial performance indicators that the Top 10% of companies in the Thrive XM Index are maintaining their business resilience and outperforming the average during these challenging times.

19.9%

Total Returns

Since the start of the pandemic (March 11, 2020 through Quarter 2), the Top 10% of companies in the Thrive XM Index have maintained average total returns of 19.9%. This rate is nearly double the historic annualized S&P 500 index benchmark of American stock market performance of around 10% since its inception.

5.7%

Total Returns by Industry

Further adjusting for industry-specific average total returns of S&P 500 organizations during this same timeframe (March 11, 2020 through Q2, 2020), we see that the Top 10% of companies in the Thrive XM Index have also outperformed their industry competitor's average total return by an average of 5.7%.



Total return, when measuring performance, is the actual rate of return of an investment or a pool of investments over a given evaluation period, in this case, from March 11, 2020 to June 30, 2020. Total return includes interest, capital gains, dividends and distributions realized over that given period of time.

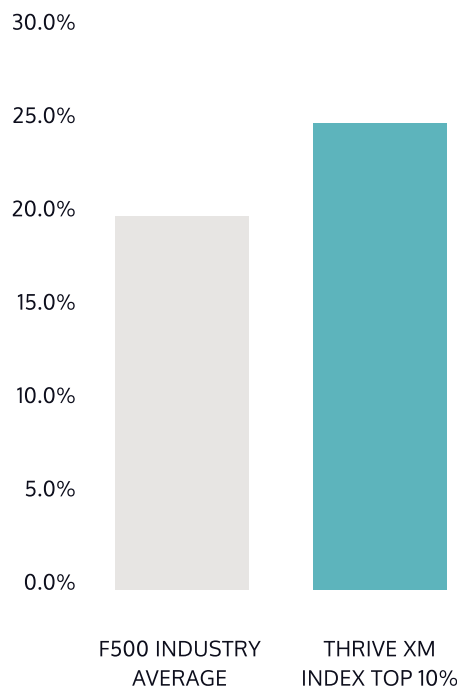


Organizational Resilience is Good For Business

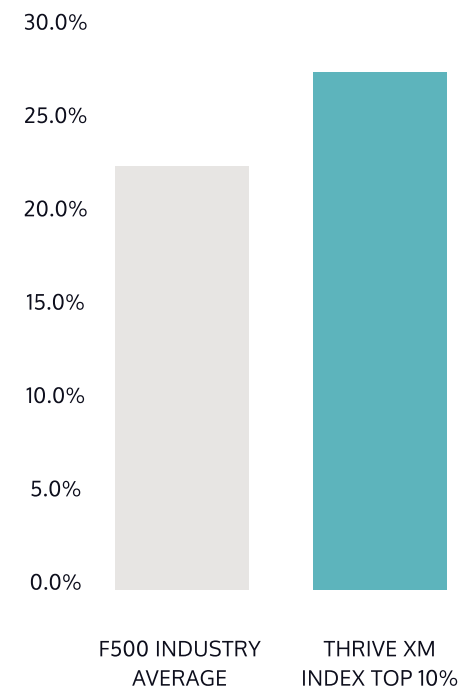
Finally, we were also able to take a closer look at how the Top 10% of companies in the Thrive XM Index have weathered the coronavirus storm as compared to others in their industry, specifically in the most recent quarter, Quarter 2 of 2020.

Here, we see that they also outperformed their Fortune 500 industry-specific competitors across EBITDA Margin and Return on Equity in the latest quarter, suggesting sustained organizational resilience over time as a result of prioritizing their people.

EBITDA margin is a measure of a company's operating profit as a percentage of its revenue. The acronym stands for earnings before interest, taxes, depreciation, and amortization. Knowing the EBITDA margin allows for a comparison of one company's real performance to others in its industry.



**LATEST QUARTER
EBITDA MARGIN**
Q2 2020



**LATEST QUARTER
RETURN ON EQUITY**
Q2 2020

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It's critical that companies listen and measure the vital signs of not just their organization, but also their people - their concerns, needs, and wants as both employees and human-beings.

JAY CHOI,
EVP AND GM OF EMPLOYEE
EXPERIENCE BUSINESS,
QUALTRICS





Win the Experiences and
Moments that matter

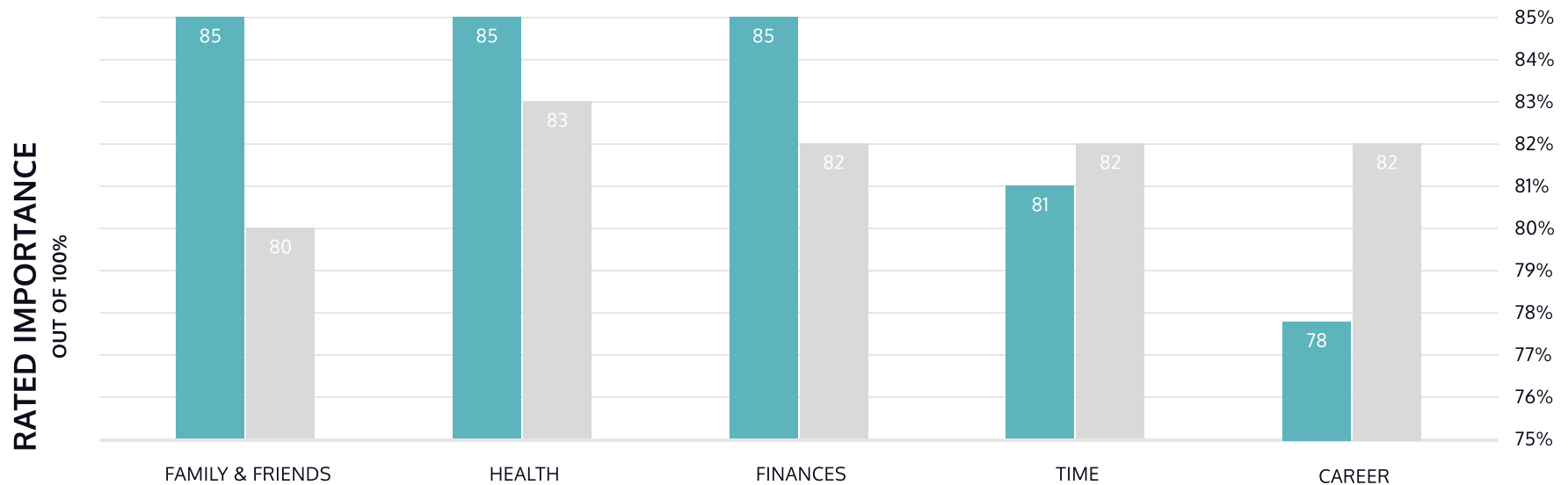
Measuring the Experiences That Matter Most

Aggregate average ratings of Experience importance from individual contributors versus people managers suggest key differences between the two populations.

Individual contributors rated the Family & Friends, Health, and Finances Experiences as most important to them, while rating the Career Experience as the least important. People managers, conversely, rated the importance of the Career Experience statistically significantly higher than individual contributors, while rating the importance of Family & Friends, Health, and Finances significantly less important.



● Individual Contributors ● People Managers

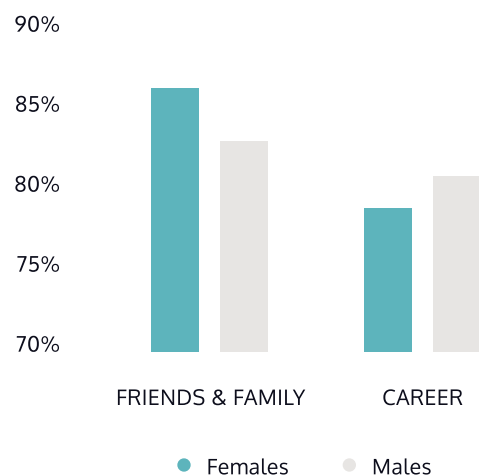


The importance of Experiences also varies by...

Gender

Females rated the Friends & Family Experience as significantly more important than males, while males rated the Career Experience as significantly more important than Females.

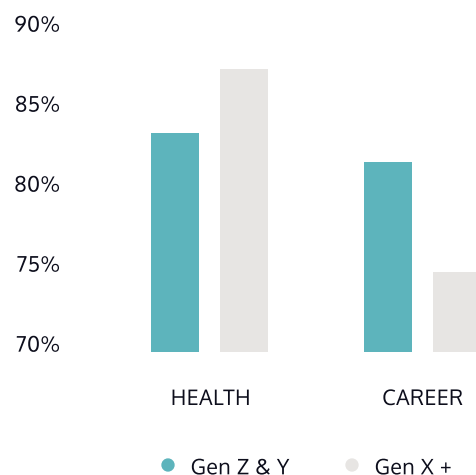
DIFFERENCES IN EXPERIENCE IMPORTANCE BY GENDER



Generation

Older generations (Gen X+) rated the Health Experience as significantly more important than younger generations (Gen Z & Y) who rated the Career Experience as significantly more important than older generations (Gen X+).

DIFFERENCES IN EXPERIENCE IMPORTANCE BY GENERATION



These differences create challenges for companies, since different populations have different needs, values and priorities. These insights help companies deliver targeted solutions to support people in ways that really matter to them.

Females, for example, are nearly 9% less likely to report positive organizational impact on Moments relating to managing the “mental load” of parenthood, while Males report 7% more dissatisfaction than females with their company’s impact during Moments pertaining to Negotiating your rewards & compensation.

Similarly, when considering generational differences, older generations (Gen X+) report significantly more dissatisfaction (11%) with organizational impact on Moments involving taking time off due to illness or doctors’ appointments, while younger generations (Gen Z & Y) are nearly 7% less likely to report positive organizational impact on Moments relating to both getting a new supervisor and creating and executing a personal development plan.

(All reported group-level comparisons are statistically significant, $p < .01$)

The most impactful moments...

Regression analyses were run to examine the influence of all 45 Moments on critical employee reported KPIs, including engagement, work satisfaction, retention and advocacy likelihood, perceived stress and productivity, absenteeism, presenteeism, and more. Based on these analyses, we were able to identify the Top 15 drivers across these critical employee outcomes, based on the strongest consistent predictors of individual-level performance outcomes:

- 1 Performance Reviews
- 2 Managing Mental Well-Being
- 3 Learning New Skills
- 4 Handling Workplace Conflicts
- 5 Promotion Into a New Role
- 6 Taking Care of Family Responsibilities
- 7 Taking Time Off (e.g. Personal Leave, Vacation)
- 8 Integrating Into a New Project or Working Team
- 9 Managing the “Mental Load” of Parenthood
- 10 Going Through a Reorganization or Downsizing
- 11 Transitioning to and/or Working Remotely
- 12 Arranging a Flexible Work Schedule
- 13 Getting a New Supervisor
- 14 Getting Access to a Mentor or Sponsor
- 15 Going Through the Interview and Hiring Process



The moments that move the needle...

Out of the 45 Moments measured and analyzed as potential drivers of critical employee KPIs, here are the top four that, on average, were the strongest consistent predictors of employee performance and can make the greatest impact for you.

#1

Performance Reviews

Creating the best (versus poorest) rated Moments involving performance reviews predicts employee reported...

35% lifts in engagement

35% lifts in work satisfaction

32% increases in retention likelihood

17% lifts in perceived productivity

#2

Managing Mental Well-Being

Helping your employees to best manage their mental well-being and stress predicts employee reported...

37% reductions in perceived stress

31% lifts in work satisfaction

28% lifts in engagement

25% lifts in advocacy

#3

Learning New Skills

Creating the best (versus poorest) rated Moments involving learning new skills predicts employee reported...

33% lifts in engagement

31% increases in retention likelihood

28% lifts in work satisfaction

21% lifts in perceived performance

#4

Handling Workplace Conflicts

Employees most (versus least) satisfied with how their company handles workplace conflicts reported...

34% increases in retention likelihood

33% lifts in work satisfaction

33% lifts in engagement

32% reductions in perceived stress

How Individual Well-being Drives Organizational Impact

Across the key facets of Well-Being measured in the Thrive XM methodology (mind, body, connections, resources, and motivation), our analyses showed Well-Being as a consistent predictor of important employee engagement and performance outcomes that directly impact business outcomes.

The four dimensions below are the top Well-Being drivers of organizational impact:

#1 Belonging At Work CONNECTIONS

34% lifts in engagement
31% lifts in retention likelihood

#2 Team Trust CONNECTIONS

35% lifts in work satisfaction
33% lifts in retention likelihood

#3 Meaningful Work MOTIVATION

34% lifts in retention likelihood
34% lifts in work satisfaction

#4 Ability to Focus MIND

30% lifts in performance
24% lifts in engagement



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Our people determine whether we succeed or fail. So the experiences we deliver and how we address the moments that matter for every individual impacts business growth, and how quickly an organization adapts to change. This is why we introduced Human Experience Management as a new category, the evolution of Human Capital Management. It signals the shift from treating people as company assets to rightly placing them at the center of business.

JILL POPELKA,
PRESIDENT,
SAP SUCCESSFACTORS

KEY TAKEAWAYS

These findings emphasize the importance of prioritizing the people experience and the holistic well-being of employees, particularly during these times when individuals need it most. Our results, derived from a comprehensive qualitative and quantitative dataset consisting of more than 2 million distinct data points collected from over 20,000 U.S. employees of 900+ companies across the United States — including 72 of the top Fortune 100 organizations — empirically demonstrate the importance of doing so, not only for employee wellness but also organizational resilience, productivity, and performance across critical business KPIs.

The first-of-its-kind Thrive XM Index methodology and scoring algorithm has identified the critical variables for which every percentage point increase in a company's Thrive XM Index Score predicts a corresponding increase of \$53.53 in revenue per employee.

Organizations in the Top 10% of the Thrive XM Index:

- Improved an average 11 spots in the Fortune 500 from 2019 to 2020.
- Outperformed their industry's average return on equity, year-to-date, by an average of 9.9%.
- Have maintained average total returns of 19.9%, nearly double the historic S&P 500 benchmark of performance since the start of the pandemic, outperforming industry competitors during that timeframe by an average 5.7%.
- And have outperformed both their industry-average EBITDA margin and return on equity by an average of 4.3% and 4.6% respectively in the latest quarter.

Moreover, using this dataset, we were able to predict improvements of up to:

- 37% less perceived stress
- 35% more discretionary effort and engagement
- 34% increased retention likelihood
- 26% lifts in in perceived performance
- 16% reductions in presenteeism
- And 35% greater work satisfaction

So what can you do about it?

Measure and prioritize the complete Employee Experience — not just people’s career and workplace experience, but their whole human experience. This is not just a nice-to-have, it’s a business driver. And the moments that matter will be unique to each individual, so it is vital that organizations do their best to personalize their employees’ experiences based on their unique wants, motivations, and needs.

Make the well-being of all of your people a priority, particularly their stress and mental well-being during times of immense change. Be mindful of the different wants and needs of various demographics, appreciating that they may require different approaches and solutions.

Invest in your people by giving them what they need to be their best. It’s not about rolling out check-the-box programs, it’s about providing support and creating a culture that helps people show up as their best selves. By providing resources that meet their actual needs, you will not only positively impact their employee experience and well-being but also your business’ overall performance.

Appreciate the importance of human-centered technology in today’s ever-changing environment. Ultimately, technology is about humans and what the technology allows us to do. Make sure your company’s technology supports your people’s overall well-being and allows them to stay engaged and productive.





2020

Thrive XM Index

The Thrive XM Index — created through a partnership between Thrive Global, SAP SuccessFactors, Qualtrics, and Fortune — is a celebration of companies demonstrating the connection between an exceptional human experience, individual and organizational well-being and resilience, performance, and business outcomes.

To learn more, visit:

Thrive Global

<https://thriveglobal.com/categories/thrivexm-index>

SAP SuccessFactors

<https://www.sap.com/employee-experience-thrive-xm>



SAP SuccessFactors



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APPENDIX: FULL METHODOLOGY

Powered by human factor data, the Thrive XM Index goes beyond any other survey to date. It's the first study to examine the full range of the employee experience, giving an unprecedented and holistic look at the connection between individual and organizational well-being.

To create the Thrive XM Index, we surveyed a sample of more than 20,000 full-time U.S. employees from over 900 distinct companies across the country, asking them to respond to over 100 unique questions describing the influence their organization has/had on critical life experiences and moments that matter — both in and outside of the workplace — as well as the impact working for their company has on their holistic well-being. These 2+ million resulting employee-provided data points were then analyzed in tandem with objective, publicly-available metrics related to organizational performance, including latest fiscal year revenue, EBITDA margin, revenue per employee, growth, profitability, and more.

One-third of an organization's Thrive XM Index score was based on employees' self-report of organizational impact on five key life Experiences: 1) Family & Friends; 2) Health; 3) Time; 4) Career; 5) Finances. Another third of an organization's Thrive XM Index score was based on employees' self-report of organizational impact on critical Moments that matter, of which we assessed more than 45, including things like the parenthood journey, onboarding, learning new skills, managing health emergencies, and more. Finally, the remaining third of an organization's Thrive XM Index score was based on employees' self-report of five distinct dimensions of their Well-Being, including mind (psychological and emotional well-being), body (physical well-being), connections (social well-being), resources (time to invest in their well-being), and motivations (meaning and purpose in life and at work). Average scores for these three pillars were then summed up, with each reflecting one-third of a company's total Thrive XM Index score.

All employee experience data was collected between August and November 2019. Thrive XM Index scores were calculated only for those companies incorporated in the U.S.; operating in the U.S.; filing financial statements with a government agency; and eligible for the Fortune 500. To further ensure employee experience data truly reflected a representative sample of each organization's population, we further required enough people in each participating company to respond such that results are accurate to a 95% statistical Confidence Level and 5% Margin of Error or better.

APPENDIX: QUALIFYING ORGANIZATIONS INCLUDED IN THE INDEX

Eligible organizations for consideration in the Thrive XM Index dataset included:

3M	Ford Motor
Alphabet	Goldman Sachs Group
Amazon.com	IBM
American Express	Intel
Apple	Johnson & Johnson
AT&T	JPMorgan Chase
Berkshire Hathaway	Marathon Petroleum
Cardinal Health	Merck
Caterpillar	Microsoft
Cigna	Morgan Stanley
Cisco Systems	Nike
Coca-Cola	PepsiCo
Comcast	Pfizer
Costco Wholesale	Procter & Gamble
CVS Health	Prudential Financial
Deere	State Farm Insurance
Dell Technologies	UnitedHealth Group
Delta Air Lines	Verizon
DuPont de Nemours	Communications
Exxon Mobil	Wells Fargo
FedEx	

And many, many more...





APPENDIX: MOMENTS INCLUDED IN THE INDEX

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Critical life Moments captured in the Thrive XM Index dataset included:

Having or trying to have a new child
Taking care of a loved one (e.g., parent, spouse, children, etc.)
Taking care of your pet(s)
Managing the “mental load” of parenthood
Taking care of family responsibilities
Dealing with a death in the family
Taking time off due to illness or doctors’ appointments
Managing mental well-being, including moments of high stress
Managing physical well-being (e.g., exercise)
Dealing with chronic or temporary health events
Going through the interview and hiring process
Onboarding when you started as a new employee
Creating and executing a personal development plan
Negotiating your rewards & compensation
Learning new skills you need for progressing in your career
Performance reviews with your manager(s)
Promotion into a new role
Getting a new supervisor
Having access to a mentor or sponsor
Relocating
Taking a sabbatical or secondment

Integrating into a new project or work team
Going through a reorganization or downsizing
Handling an interpersonal conflict at work
Hiring a new person on your team
Managing an under-performer
Transitioning to or working remotely (50% of the time or more)
Transitioning to working on or with a distributed team
Planning for short-term or long-term financial expenses (e.g., home, auto, medical, education for self or family)
Planning for retirement (e.g., saving, corporate contributions)
Managing finances to support others (e.g., parents)
Filing taxes
Arranging a flexible work schedule
Taking time off (e.g., personal leave, vacation)
Taking time for yourself during a typical work day (e.g., lunch breaks, personal calls, errands)
Traveling for work
Dedicating time to hobbies, social activities, or other professional and personal interests

And many, many more...