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RELATIONAL CAPITAL:
HOW IT MATTERS AND WHY IT'S WALKING
OUT THE DOOR

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is the author and lead researcher on the study.

Leadership Pulse™ Research Results
from summer 2008 Pulse Dialogue™

Relational Capital: How it matters and why it's walking out the door

*With insights from energy trends and HR
confidence findings*

Research Study By:
Theresa M. Welbourne, Ph.D.

Comment [dk1]:

What's Walking Out the Door?

If you own a manufacturing company that builds cars, you probably would not throw out the raw steel and aluminum you need to construct the exterior. If you were the president of a software company, you would likely not cut costs by deleting your proprietary code.

So why is it that when times are tough, we walk out the #1 asset that can help companies survive and even grow? That asset is not necessarily the 'human' that you are laying off; it is the relationships that this person owns.

Today, more than ever before, as companies downsize and change their organizations to meet the new challenges they face, relational capital is exiting, and no one even sees it strolling past them on the way out. Relationships are significant assets that are unaccounted for in most organizations and the lack of measurement and visibility means when this asset is gone, no one even notices until it's too late.

It's too late when customers fail to renew, when deals in the pipeline are not closed, when upsell efforts fail, when investment starts to dry up, when employees no longer want to go 'above and beyond' and put in the needed hours to meet deadlines, and when performance drops.

In this report we want to raise your awareness of the importance of relational capital and how it can help your organization survive and thrive. This one leadership pulse report is only one data point that is part of a bigger story of why and how relationships create value in organizations.

The story is not about 'touchy feely' HR. We are talking about how organizations get new business, persuade clients to stay with them even when prices increase, how leaders obtain competitive information that may help drive strategy, and basically how great organizations win.

In addition to relational capital, in this leadership pulse report we also examined human resource confidence and leader energy. Below are the overall trends:

- HR department's ability to do tactical work improved,

- Confidence in HR's ability to do strategic work declined, and

- Leader energy declined.

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The Relational Capital Story

The big picture series of studies began in 1993 when I started a large-scale investigation of initial public offerings (IPOs). Our research team examined cohorts of firms that went public in a given year and what made these firms grow or die. We studied organizational death because there was little argument about which performance measure was best, so we decided "live or die" was the ultimate outcome that was not up to a lot of debate.

The IPO samples varied in number. In 1988, a total of 138 firms went public; in 1993 we saw 535 IPOs, and in1996, which was the biggest IPO year ever about 1,000 firms went out. We surveyed executives, coded the prospectuses, downloaded data from financial data bases and told the story of what made these organizations live and die.

About now you might be thinking that this story does not apply to you because IPOs are smaller, baby companies. That is really not the case; the samples varied significantly in size, geographic location (quite a few non-USA based firms go public in the USA), industry, and more. Thus, these were very representative samples, and the samples provided high quality research data (representative, have good archival data, etc.).

Part One: IPO Learning

What we learned was that initial stock price was higher in firms that stated they valued technology, top management, and products. But 90 days out, one year later, and after five years (when only 60% were alive), the key predictor was not these variables, it was a variable of human capital. The difference was a 90% chance of survival in those firms with high levels of human capital and only 30% for those low on these measures.

So we learned the lesson that people matter to the bottom line.

Part Two: What is it about people that makes the difference?

After the IPO research, we took the story within organizations. We started doing large-scale research with IPO and non-IPO firms to find out what it was about people that mattered. There is a very long story to what we found (book in progress), but the net was that it's not just about people it's about the relationships people have with their peers, their boss, their customers, and even the company overall.

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Part Three: The Adecco Study

In a project sponsored by Adecco, we examined the importance of both human and relational capital to a new sample of firms (papers available at www.eepulse.com). Based on a series of other studies, we hypothesized that human capital would be more important for firm performance in larger firms while relational capital would be critical in smaller firms.

Part Four: Leadership Pulse Study

What we then did with the leadership pulse was asked "what relationships really matter?" Although the findings you will see in this report continue to not be the final answer (you note now that research is indeed a journey in learning), we hoped there would be something to learn by asking the questions in this study about the target of the relational capital or relationships with whom.

Relational Capital Results[1]

We asked leaders the follow question:

> *Looking at the scale on the left, for each stakeholder group, rate the level of relationship that you think your firm supports (what they really do vs. what they profess to do, as these may be different).*

Responses were collected using an 11-point scale with end points of -5 (*Ignore these people*) to 5 (*Devote significant time/resources*) for the following list of sources of relational capital. Higher positive scores indicate more resources are directed toward the stakeholder relationship, while higher negative scores indicate fewer relationship resources are directed towards the stakeholder.

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[1] Data were collected using on-line data collection software and infrastructure supplied by eePulse (for information on web-based data collection see eepulse.com). The response rate was 31% or 1204 leaders. Leaders represented 22 industry sectors - based on the North American Industry Code (NAIC) 2-digit classification model. Sixty-two percent of respondents were director level or higher (i.e., VP, Senior VP, C-core or President) and lead companies ranging from "*less than 100*" (13.5%) to "*Greater than 50,000*" (25.7%).

1) Employees overall
2) Customers overall
3) Key customers
4) Our leaders
5) Middle managers
6) High potential employees
7) Investors overall
8) Key investors

9) Partners overall
10) Key partners
11) Suppliers overall
12) Key suppliers
13) Outsourced employees
14) Temporary employees
15) Government agencies
16) Local community

Figure 1 below displays, from highest to lowest, where leaders report their firms allocate relationship resources.

Figure 1. Leaders Rank Relationship Capital Resources (High to Low)
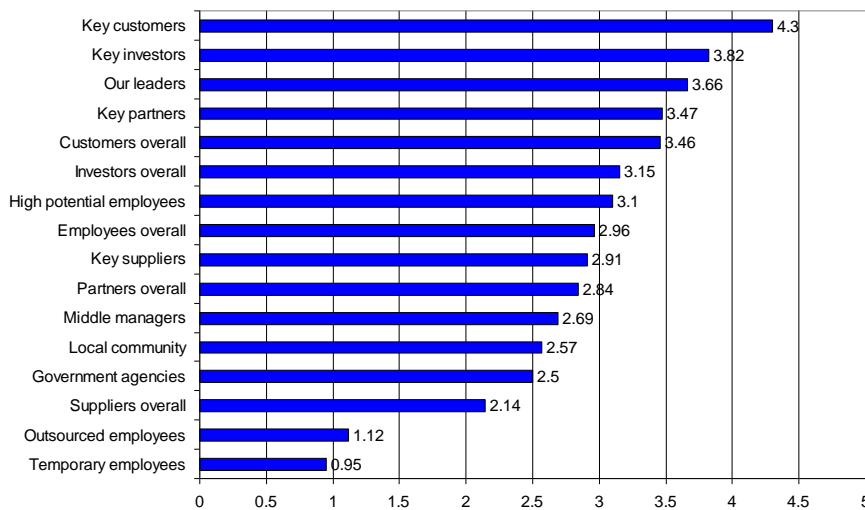
Respondents say they expend the most relational capital resources on key customers, key investors, leaders, and key partners. While leaders, as a group, do not report ignoring any one stakeholder, the results show that the least amount of time and resources are invested in suppliers overall and outsourced and temporary employee relationships.

In the next few analyses, we look at the overall relational capital index (create one score that is the average of all questions) and examine demographics differences on this number. Figure 2 below shows the means of the relational capital index (all items combined) by firm performance level.

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Figure 2. Relational Capital Index by Firm Performance
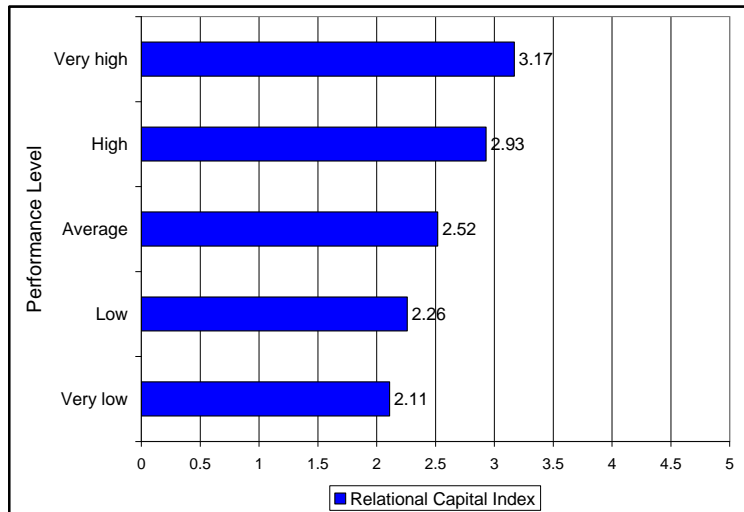
Leaders from firms that invest more resources into all relationships, as evidenced by the higher relational capital index score, also report higher levels of firm performance. These differences are significant and show a consistent pattern such that as performance increases so too does the amount of resources allocated across all 16 stakeholders.

Next we reviewed the job level variable. Primarily we were interested in understanding whether executives (i.e., C-core, VPs and Directors) reported higher (lower) relational capital index scores when compared to non-executives. Figure 4 below supports the idea that executives are significantly more likely to report higher scores on the relational capital index than non-executives.

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Figure 4. Relational Capital Index by Job Level
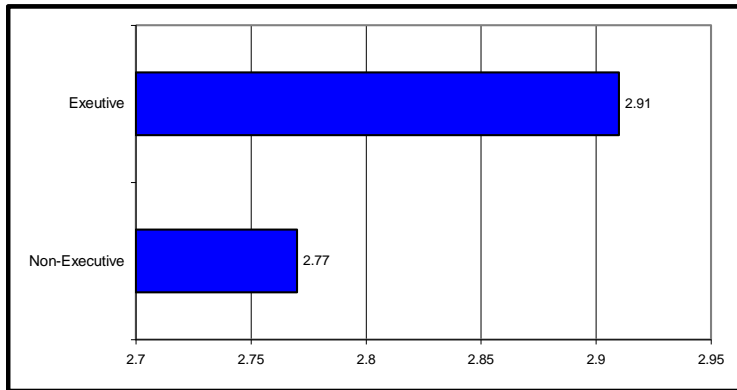
The last investigation using the relational capital index involved the demographic variable rate of change. This variable represents the amount of change a firm is experiencing at the time the data were collected. We were interested in determining whether firms experiencing high rate of change were more (less) likely to expend resources and time across all relationships. The results in figure 5 below indicate that the greater the rate of change the greater the amount of time and resources are expended across all relationships.

Figure 5. Relational Capital Index by Rate of Change
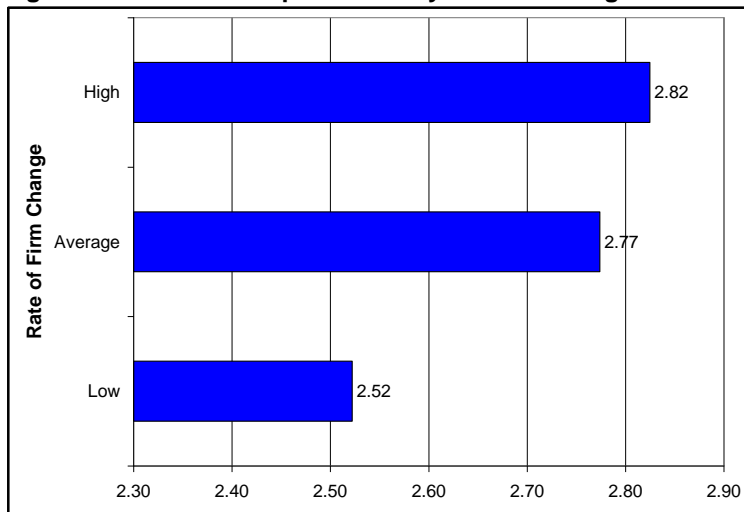
In order to refine the research lens we decided to use a statistical method to deconstruct the relational capital index not into single items, but into it related

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factors. It is not unreasonable to expect that leaders make distinctions between types of relationships. To this end we used an exploratory statistical method to investigate the component parts of the index and then test the factors that emerged against the collected demographics.

The first step in the process was to apply a statistical method called exploratory factor analysis (EFA). The EFA provides suggested groupings of the 16 relationship items used to form the overall relational capital index into smaller groups called factors. These factors represent a unique type of relationship that the researcher can name and use in further analysis. The results of the principle components factor analysis with varimax rotation is displayed below in table 1. The larger the factor loading (i.e., number) the more strongly the item is related to the factor is has been grouped with. The color scheme is used to highlight the groups revealed in the EFA. Color groups are used in subsequent figures to ease interpretation.

Table 1. Exploratory Factor Analysis of Relational Capital Items

Rotated Component Matrix[a]

	Component			
	Key Inputs	Fluid relationships	Internal Human Caitall	Customers
Key investors	.844			.264
Investors overall	.785			.288
Key partners	.746	.240	.343	
Partners overall	.731	.286	.346	
Key suppliers	.535	.508	.356	
Temporary employees		.794	.359	
Outsourced employees	.101	.760	.297	
Local community	.190	.644		.397
Government agencies	.234	.620	-.135	.433
Suppliers overall	.468	.585	.378	
Middle managers	.149	.239	.813	.151
High potential employees	.191	.187	.728	.116
Employees overall		.390	.654	.278
Our leaders	.322		.652	.221
Key customers	.269		.272	.807
Customers overall	.177	.178	.343	.776

The EFA results above reveal that the 16 stakeholder types can be reduced to the following 4 stakeholder factors
:

- Key Inputs: Investors, suppliers and partners
- Fluid Relationships: Temporary and outsourced employees, government agencies, local community and suppliers overall
- Internal Human Capital: Leaders, middle managers, high potential

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	Employees and employees overall
• Customer:	Key customers and customers overall

With these four relationship capital factors we can test to see whether the firm performance results we found earlier still hold when tested for each factor of the relational capital index. This approach will help us determine whether one relationship factor is more (less) important than the other.

The results in figure 6 below clearly show that leaders from higher performing firms report expending more relationship resources across four factors. One noteworthy example is that leaders from highest performing firms report expending more than twice the resources on relationships with those stakeholders defined as fluid (e.g., outsourced and temporary employees).

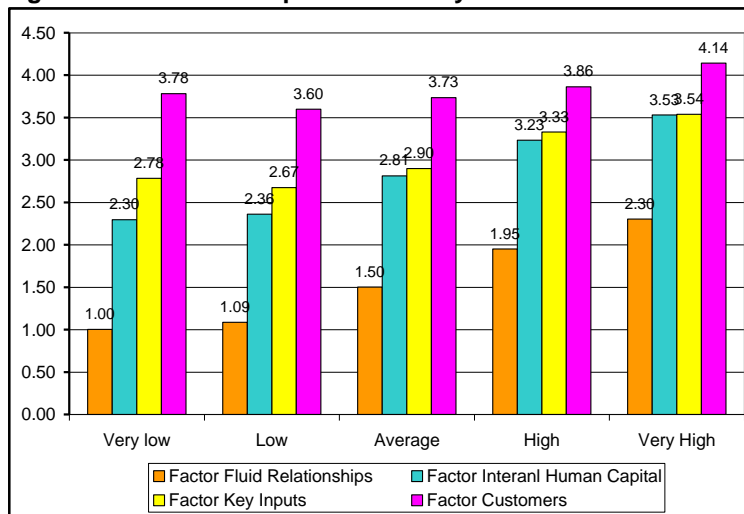**Figure 6. Relational Capital Factors by Level of Firm Performance**

Figure 6 also reveals two additional outcomes of interest. First, with few exceptions, higher performing firms report greater investment in relationship building than lower performing firms. Second, there appears to be a consistent hierarchy in terms of relationship factors that are more important to all firms irrespective of performance. That is, regardless of performance level customers receive the most relationship building resources. Investors, suppliers and partners receive the second most relationship resources, while internal human capital (high potential employees, leaders and managers) receive the third most. The fluid relationship factor (temporary and outsourced employees, local

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community, government agencies, etc.) receive the least amount of relationship building resources.

Using the four relational capital factors we also looked at how the rate of change a firms are experiencing affect the amount and type of relationship building that occurs. Figure 7 below reveals that leaders from firms reporting a great deal of change also report expending more resources on relationship building across all four relational capital factors.

Figure 7. Rate of Change and Relational Capital Factor Scores
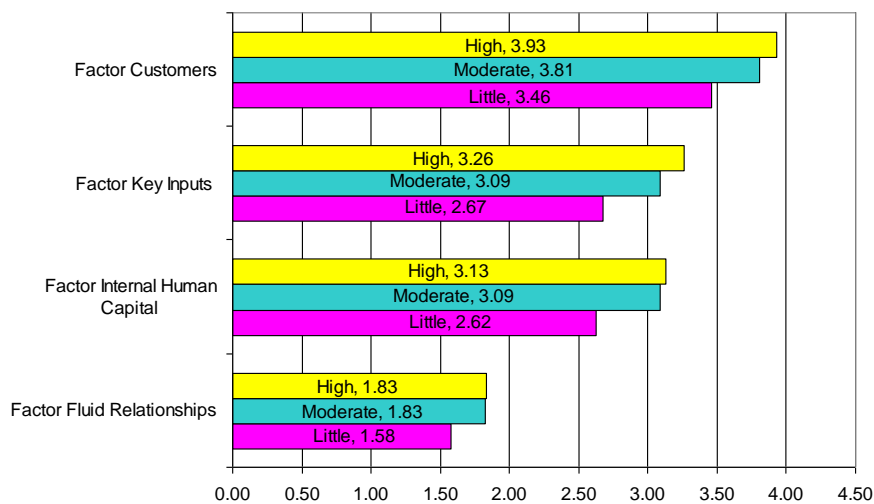
The results above show the same type of pattern as those found for performance, such that the greater the rate of change a firm is experiencing the more resources they apply to almost every relational capital factor. Furthermore, we see that the same importance hierarchy holds, such that customers receive the greatest amount of relationship resources while temporary and outsourced employees receive the least regardless of the rate of change a company is experiencing.

The results revealed that relationship building is important to leaders. In fact, they report their firms spend a good deal of time and resources on key customers and investors as well as some internal human capital interests (leaders, high potential employees). The results also revealed that it is rare their firms ignore any stakeholder wholesale, although some stakeholders obviously receive less attention than others. However, we found in the comment data (which we turn to next) that only 19% of leaders explicitly took a strategic view of relational capital, which entailed applying a comprehensive approach to building and sustaining high-quality and lasting relationships across all stakeholders.

Relational Capital Comment Analysis

We began by reviewing leader provided best practice comments. The following was presented to all participants:

> *We would like to learn more about the best practices your organizations are using to create strong, lasting, and successful relationships with these various stakeholders. If you have a best practice to share for any of the above groups, please discuss in the space provided.*

As noted earlier we took the position that relationship capital can increase competitive advantage beyond human capital concerns alone. For this reason we asked leaders to share best practices their organizations are using to create strong, lasting and successful relationships with stakeholders. Note that we were interested in stakeholders plural. That is, we were looking for comments that explicitly took a multiple stakeholder approach.

Figure 8 below displays the number of times a best practice comment was provided by stakeholder type. We found that 38% of leaders shared best practices linked explicitly to employees. Twenty-four percent of comments were linked to customers, while 19% were linked to a multiple stakeholder approach. The latter either combined several individual stakeholder best practices or described the need to view all stakeholders as important.

While it is promising that 19% of best practice comments explicitly entailed a multiple stakeholder approach is promising. However, 259 leader comments or 91% did not explicitly describe a multiple stakeholder approach, which suggests that many leaders are not thinking about relational capital from a strategic framework, but instead look at stakeholder relationships as disparate elements to be managed, grown and sustained on an as needed basis.

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Figure 8. Best Practice Comments by Stakeholder
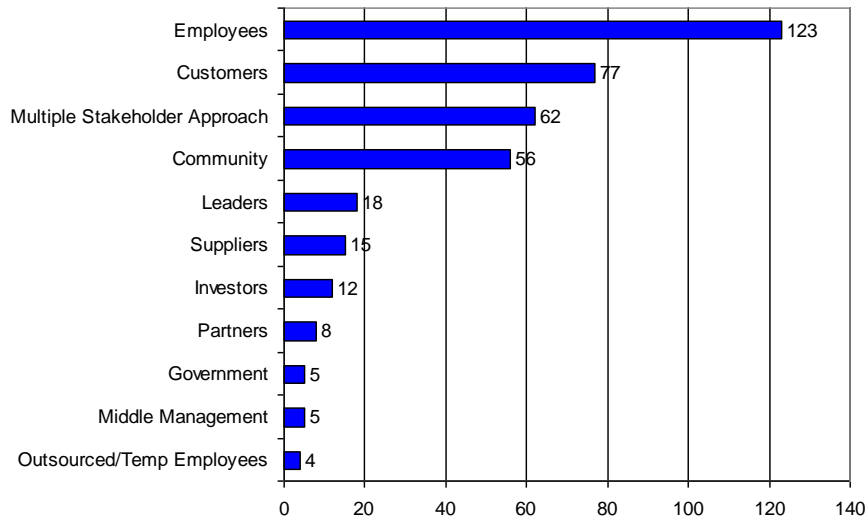
The comment data suggest that the majority of leaders think about building stakeholder relationships one stakeholder at a time. However, the evidence provided thus far would suggest that taking an across the board view of all stakeholders may benefit overall firm performance as well as increase their ability to cope during periods of change.

We now turn to the topics of human resource confidence and energy as these are topics we trend over time.

Human Resource Confidence

We have been measuring HR confidence as well as leader confidence for five years. In the same way that being confident in the market suggests customers are more likely to spend money, confidence in leadership translates to being more willing to go "above and beyond" at work

Thus, tracking leadership and HR confidence is useful as it provides leaders a metric with which to understand how receptive and willing followers are to embrace new initiatives, stand-fast in the face of external threats, and even provide insight into followers' attitudes towards change.

The 2008 findings and trend results for HR confidence are displayed in table 2. The results reflect the percent if respondents who are "confident" – either responded with a 4 (*Confident*) or 5 (*Very confident*). The results show several

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pieces of information. Over the past four years, leaders report the greatest amount of confidence in HR's ability to execute on tactical work and the least confidence in HR's ability to execute strategically.

Second, confidence in HR's ability to execute tactically and perceptions of their overall effectiveness has rebounded from its lowest point in 2006. However, confidence in HR's ability to execute strategically continues the downward trend.

Table 2. HR Confidence Trend Data

HR Confidence Items	May-04	Dec-06	Jun-08
HR's ability to execute on tactical work	83%	59%	68%
Overall effectiveness of HR department	65%	49%	56%
HR team's ability to execute strategic work	61%	46%	43%

Next, we review HR confidence by job level. This cut of the data can help us understand whether leaders at various levels in an organization perceive HR professionals in a notably different light.

As noted above only 45% of leaders sampled report high confidence (choosing either 4 or 5 on a five-point scale) in HR's ability to execute strategically. However, this picture changes when we look at the data through a job level lens. Figure 9 below reveals that confidence in HR's ability to act strategically by job level demographic data.

Figure 9. Confidence in HR's Strategic Ability by Job Level

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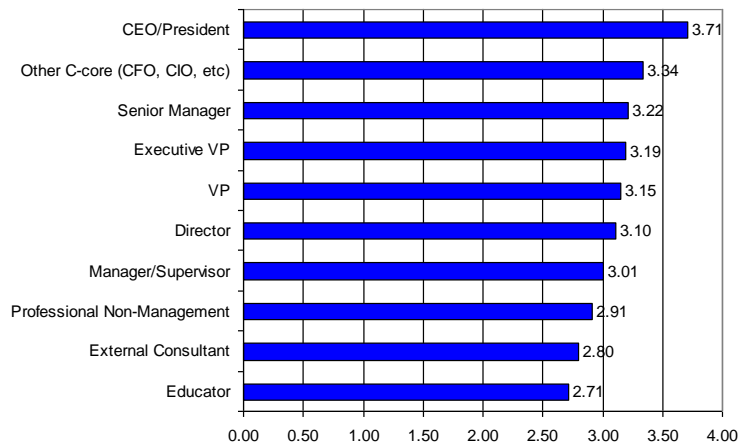
The results of the job level analysis suggest that confidence in HR's ability to execute strategically is highest at the top of the organization (i.e., C-suite) and drops as one moves down through the professional (in non-management position) and manager/supervisor levels. It may be that as you move to line jobs, the respondents do not know what strategic work really is, therefore, creating the lower scores.

These results pose a potential problem for HR professionals. On one hand the most senior members of the organization appear most likely to perceive HR personnel as capable strategic planners. On the other hand those who would be responsible for turning HR strategy into practice have the least amount of confidence in those strategies. This could lead to a self-fulfilling prophesy, such that those responsible for embracing and carrying out the day-to-day activities of HR strategy may have the least confidence in the strategy. This low confidence would ultimately lower expectations for its success and therefore become self-fulfilling. The end result could be unsuccessful implementation of useful strategic plans due to low expectations from the very people designated to carry out the plans.

The results do suggest that leaders who hold higher job levels tend to be more confident in HR's strategic ability. So what do leaders have to say about their confidence levels towards the HR teams they work with? We asked leaders to comment on any of the three HR confidence items.

Seventeen-percent said they do not have a HR department. Thirty-percent of leaders had strategy-related suggestion and/or the desire to see more strategic planning from their HR leaders. An additional 30% of comments fell into the "needs improvement" category. A large portion of these were calls for HR departments to act more strategically. Is it just me or does HR have a bad rap when it comes to the perception of competent strategic planning?

We looked to two measures to help us provide, in part, an answer to this question. First, we looked at firm performance, and second we looked at rate of change a firm is experiencing. We thought that firms with higher confidence in their HR leadership would also be higher performers. And, we felt that firms experiencing high rates of change would evidence greater confidence in HR leadership as this is when firms need confidence in all leadership including that provided by the HR team.

The HR confidence index was created by averaging all three items into a single scale. The scale showed it had a high internal consistency (Alpha = .85) and could be used as an index of HR confidence.

The results in figure 10 are presented below. The results support the idea that highest performing firms also report the highest level in overall HR confidence.

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Figure 10. HR Confidence by Level of Firm Performance
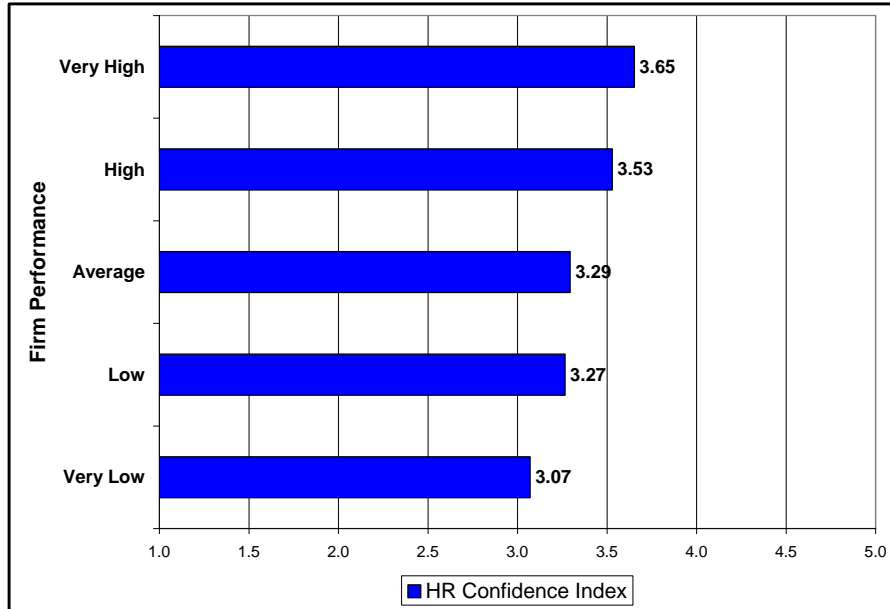
Next we looked at the rate of change data. We expected that the firms reporting the highest rate of change would also have the highest amount of HR confidence as mentioned above. The rate of change variable was measured using a 0 to 100-point scale. With zero indicating no change and 100 indicating massive wholesale change. The results in figure 11 below provide some support for the notion that overall HR confidence is positively associated with the rate of change a firm is experiencing.

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Figure11. HR Confidence Index by Rate of Change
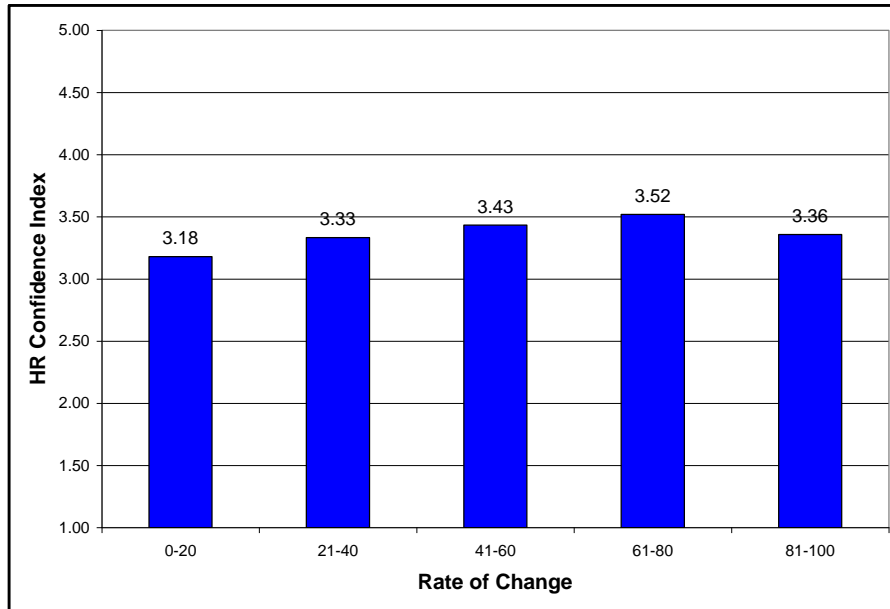
The differences between change categories and overall HR confidence are only marginally significant (p = .12) and confidence drops off for firms experiencing the most extreme rates of change. Perhaps the results are similar to what we found in our 2007 study on volunteerism and energy. We found that hours volunteered could increase energy (similar to motivation) to a certain point. However, after 10 hours a week, volunteer work became a de-energizer. The same might be true for HR confidence and change. Perhaps confidence increases as rate of change increases, but only to a certain point. As rate of change reaches a frenzied pace it may be difficult for individuals to maintain the higher levels of confidence as they become overwhelmed.
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Energy Pulse Results

The data collected over the past year and a half (see Figure 12 below) reveal that across all industries, energy levels have continued a downward trend, and are nearing the low point July of 2007.

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Figure 12. Energy Trend Data
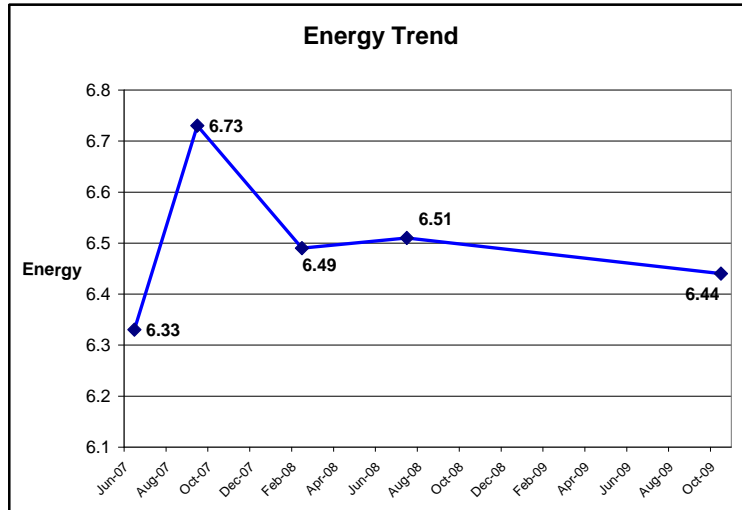
As important as the raw energy score is how far the raw score is from where leaders report being most productive (the productivity zone). The productivity zone is based on the average of where a group reports being most productive and then moving +/- one-half standard deviation from that mean. It creates a band of energy where if the raw energy scores fall within, we say this group is "in the zone". Keep in mind that energy is not maximization construct; higher levels of energy are not necessarily better. Energy is an optimization construct; you want to be at an energy level that is optimal for you. This is why when we assess energy and trends, we also ask people where they are most productive. Both numbers are then used to create reports that are predictive in nature. Being in "the zone" is important for maximizing firm performance, reducing turnover, improving customer service and sales, and more. Thus, we want to see energy improve but not "max out" at a level where people are feeling they have too much energy and are spiraling into burnout. Table 3 below reveals both the raw energy score and the zone status or whether leaders are within the band of energy where they report being most productive as a group.

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Table 3. Energy and Productivity Zone Status

ENERGY RESULTS										
								Low Energy (0.0 - 3.74)		
								Medium Energy (3.75 - 6.25)		
								High Energy (6.26 - 10.0)		
Group	Energy (SD)[a]	Change[b,g]	WPC (#)[c]	Zone[d]	PLow[e]	PHigh[f]		Energy (%)		
All Leadership Participants	6.52 (2.07) ⇩	-0.11	-0.06 (305)	-1.08	7.60	8.64	11	29	60	

The results reveal that leader energy is at 6.52 and 1.08 points below where leaders report being most productive (see Zone column above). These results are troublesome for two reasons. First, the raw energy score continues to drop while the productivity zone is reasonably stable metric. This means that if the trend line continues leader energy will continue to move further away from where they report being most productive. Secondly, 10-years of eePulse research has shown that leader energy predicts follower energy. Therefore, if we continue to see a decline in leader energy and that energy level continues to diverge from where they are most productive it will have a adverse affect on follower energy. And this in turn can have detrimental and lasting effects on the organizations they belong to. Persistent low or healthy energy has been shown to impact organizational outcome such as performance, satisfaction and turnover. Given the energy trends and the out of zone scores, we are concerned.

The following table contains all industries with zone scores greater than one point away from the productivity zone. In this case, all zone scores are negative indicating the industry as a group is below where they report being most productive.

Table 4. Industries Out of Zone

Art, Entertainment and Recreation	-1.43
Finance and Insurance	-1.50
Mining	-1.48
Other Services (except public administration	-1.42
Professional, scientific and technical services	-1.27
Public Administration	-1.42
Real Estate and Rental and Leasing	-2.23
Utilities	-1.51
Wholesale Trade	-1.34

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Conclusions

These data present opportunities for all of us. If we use the data to start dialogues with leaders, then we can develop strategies for improving firm performance.

People are more confident in firms where they have positive relationships with their contacts; energy is contagious and when managers inspire employees with optimal energy they help improve confidence and performance.

Small things can inspire confidence and improved energy. One of the most compelling interventions is communication. That's why we suggest that you use the data to have conversations about confidence, energy and the state of the business with your leaders.

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APPENDIX A: Leadership Pulse Study Background and Current Sample

The Leadership Pulse is an ongoing research study that taps into a large sample of executives (approximately 4,000 to date) who have agreed to participate in short, Pulse Dialogues (our word for short surveys) conducted every two months. We gather data on topics of strategic importance to leaders and then provide results to those who participate in this study. Our goal is to learn from data, create a dialogue around the subjects we study and help leaders continually learn so they can use the data to bring value to their organizations.

The results presented in this report are from the Pulse Dialogue that closed on July 15th, 2008. A preliminary presentation and individual personal reports were made available to all participants approximately two weeks after the closing of the Pulse Dialogue.

Who responded to the Pulse Dialogue?

A total of 1,204 leaders participated in the current Leadership Pulse. Below are sample demographics:

Company size

> Less than 100 employees   (13.5%)
> 101- 500 employees   (5.5%).
> 501 – 1000 employees   (3.9%)
> 1001 – 2,500 employees   (7%)
> 2,501 – 5,000 employees   (8%)
> 5,001- 10,000 employees”   (8.4%)
> 10,001 – 25,000 employees   (9.9%)
> 25,001 – 50,000 employees   (12%)
> More than 50,000 employees   (25.7%)
> Did not provide company size demographic data   (6.4%)

Their jobs

> CEO/President   (9.1%).
> Other C-core (CFO, CIO, etc.)   (5.7%)
> Senior or executive VP   (10%)
> VP   (19.3%)
> Director Level   (23.3%)
> Senior manager   (9.4%)
> Manager/supervisor   (8.7%)
> Professional in non-managerial role   (5.9%)
> External consultant   (2.6%)
> Did not provide job level demographic data.   (5.4%)

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Their industries

Twenty industry sectors were represented in the current sample. The following industries represent the top 5 industry sectors for the current sample. For a complete list of industries please see appendix B.:

- Manufacturing   (28%)
- Professional, Scientific and Technical Services   (13.9%)
- Finance, insurance, and real estate   (11.1%)
- Health care and social assistance   (7.1%)
- Other Services (Except Public Administration)   (6%)
- Information (5.6%)

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APPENDIX B: Energy by Industry Details

Group	Energy (SD)[a]		Change[b,g]		Zone[d]	PLow[e]	PHigh[f]	Energy (%)		
								Low Energy (0.0 - 3.74)	Medium Energy (3.75 - 6.25)	High Energy (6.26 - 10.0)
All Industries	6.52	(2.07)	⇩	-0.09	-1.08	7.60	8.64	11	29	60
Accommodation and Food Services	7.38	(1.45)	⬆	0.61	-0.36	7.74	8.60		25	75
Administrative and Support and Waste Management and Remediation Services		NA		NA	NA	NA			NA	
Agriculture, Forestry, Fishing and Hunting	6.79	(2.67)	⬇	-0.64	-0.71	7.50	8.64	14	29	57
Arts, Entertainment, and Recreation	6.69	(2.03)			-1.43	8.12	8.90	6	38	56
Construction	6.73	(1.85)	⬇	-0.56	-0.92	7.65	8.26	9	18	73
Educational Services	6.30	(1.94)	⬆	0.23	-0.80	7.10	8.31	7	41	52
Finance and Insurance	6.24	(2.20)	⬇	-0.23	-1.50	7.74	8.82	17	27	55
Health Care and Social Assistance	6.67	(2.03)	⬆	0.30	-0.81	7.48	8.59	12	23	65
Information	6.81	(2.05)	⬆	0.53	-0.91	7.72	8.83	10	21	69
Management of Companies and Enterprises	7.20	(1.73)	⬇	-0.76	-0.80	8.00	8.75	4	25	71
Manufacturing	6.59	(1.93)	⇩	-0.10	-0.86	7.45	8.51	9	30	61
Mining	5.89	(2.42)	⇩	-0.06	-1.48	7.37	7.85	11	56	33
Other	6.17	(2.34)	⬇	-0.36	-1.24	7.41	8.55	14	33	52
Other Services (except Public Administration)	6.34	(2.27)	⬇	-0.48	-1.42	7.76	8.78	15	22	63
Professional, Scientific and Technical Services	6.43	(2.21)	⇩	-0.12	-1.27	7.70	8.67	12	27	61
Public Administration	6.00	(2.46)	⬆	0.41	-1.41	7.41	8.03	22	33	44
Real Estate and Rental and Leasing	5.90	(2.22)	⬇	-2.52	-2.23	8.13	8.67	20	20	60
Retail Trade	7.06	(1.94)	⬆	0.28	-0.47	7.53	8.76	9	20	71
Transportation and Warehousing	6.77	(1.54)	⬇	-0.34	-0.57	7.34	8.37	4	36	61
Unclassified Establishments	6.43	(2.26)	⬆	1.76	-1.61	8.04	9.03	14	29	57
Utilities	6.21	(2.38)	⬆	0.03	-1.51	7.72	8.50	14	36	50
Wholesale Trade	6.47	(1.80)	⬇	-0.91	-1.34	7.81	8.82	6	56	38

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The first column includes a list of all the industries sampled. An NA indicates that there were no responses from that industry during this particular Pulse Dialogue.

The second column heading, energy, is the average energy score for each industry. SD is the standard deviation of energy. The smaller the SD, the more similar are the scores of the respondents from that industry.

The third column shows overall change from the last time we ran the energy question. The associated arrow indicates whether the energy score has increased, decreased, or remained stable. The color of the arrow represents the amount of change

The forth column, zone, represents the area in the energy distribution where leaders are most productive. Energy scores that fall between the upper and lower productively boundaries are considered "in the zone" (research shows being in the zone positively predicts performance outcomes). Thumbs up is an indicator of being in the zone; blue and minus sign is below, and red and positive sign is above the productivity zones.

The fifth and sixth columns represent the lower and upper bounds of the productivity zone.

Note that no industry sector is currently reporting energy levels that fall into their productivity zone.

APPENDIX C: Run the Leadership Team Pulse Study in Your Company

If you are currently not part of the Leadership Pulse study group, and you wish to participate (or sign up leaders within your organization), you can register at http://www.leadershippulse.com. If any organization wants to run this study please contact us at: info@eepulse.com.

NEWS FROM THE LEADERSHIP PULSE

Leadership Team Pulse is a unique, no-cost opportunity for you to receive real-time benchmarking data for your management team. Any Leadership Pulse member can add up to 100 people from their leadership / management teams and receive reports for their group compared to their industry and the overall sample. What's in it for you?

- **On-line reports for your own management team**, showing your results and trend data (the group overall scores).

- Your data compared to your industry (**real-time benchmarking**).

- Individual participants from your management team will receive **personal reports** showing their own scores vs. their group score for the management team and their score vs. their industry score.

- Access to **all technical reports and regional reports** as they start to become available (we will provide regional reports when we have enough organizations in a given region to warrant that reporting).

- Web-based learning events and invitations to conferences and other networking events.

Invite other leaders in your network to join.
Tell them about the Leadership Team Pulse.

To learn more, go to: www.leadershippulse.com. To sign up or obtain more information about the Leadership Team Pulse write to info@eepulse.com and ask for information about the leadership team pulse project.

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