Center for
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Fast HRM: Confidence, Energy and Engagement

CEO Publication
T 10-19 (588)

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November 2010

FAST HRM

CONFIDENCE

ENERGY

ENGAGEMENT

Leadership Pulse Report

Summer 2010 Data

Learn about:

Fast HRM as competitive advantage

Why leadership confidence is declining and lessons learned from high performing firms (Hope and Humility)

Trends in employee energy and how energy and engagement are related

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TABLE OF CONTENTS

Executive Summary

The recession has not yet gone away; companies are not yet hiring, sales are not skyrocketing, and the world seems cautiously waiting for something a bit more positive to happen. That seems to explain the state of the leaders in the last pulse dialogue. As a result of all the waiting, confidence has decreased. We are not talking about confidence in things outside the organization, but confidence in the factors that are key to business success: the people, strategy and process within the business.

All items in the leadership confidence index decreased in 2010, except for one small item. Confidence in the economy is up slightly. Keep in mind that although it did increase, it remains the lowest scoring question within the leadership confidence index.

In this particular Leadership Pulse we also studied a topic we have been doing quite a bit of work on called fast human resource management (HRM). We asked respondents to rate the degree to which HR is fast and also score how accurate the HR group is. The results are examined overall and then used as a lens to understand both confidence and firm performance.

Overall findings:

- Leadership confidence overall decreased from 2009 to 2010.
- All questions comprising Leadership confidence went down, except for confidence in the economic climate, which increased from 2009.
- Employee energy at work increased since the last Leadership Pulse; however, too many people are still not in their optimal energy zone. Being out of zone means lost productivity.
- Fast HRM is associated with the highest levels of confidence and higher levels of firm performance. Participants would prefer speed over accuracy if they had to choose between the two when it comes to their HRM work.

In the summer, 2010 we had a total of 677 respondents; they represent a wide industry, job level, firm size, and firm performance representation.

The Leadership Pulse is the first and only real-time benchmarking and executive learning process based on data and dialogue about today's business challenges. The process builds knowledge from an ongoing Pulse Dialogue (our word for survey) process that taps into the experiences of leaders around the world every 3 months. Participants share their thoughts via the Pulse Dialogues, and in exchange, they receive personal reports with benchmarking based on their industry, invitations to webinars and access to published articles. As we grow, we will provide additional opportunities for benchmarking and learning. We invited anyone interested in joining to learn more at www.leadershippulse.com.

Part 1: The Fast HRM Story

If you ask a group of HR professionals whether they think HR should go faster, you get mixed results. Half the group is excited about the idea, and they welcome the opportunity to speed up their own work. They hope to be more responsive to the employees and managers they support who are also being compelled to move at a faster pace. The other half of the room looks at you with a quizzical expression.

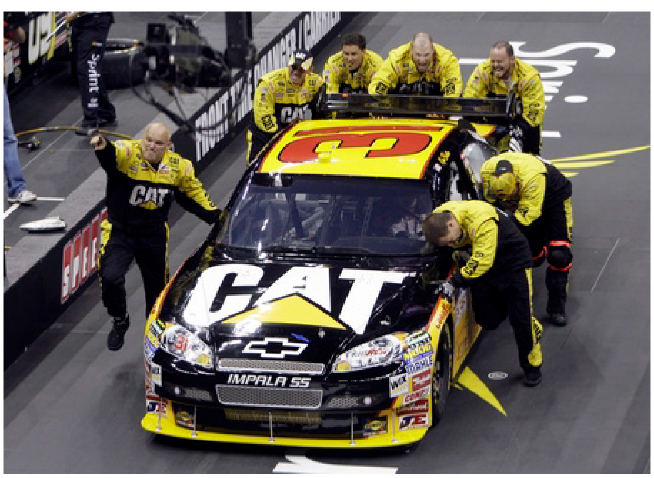
Does Fast Mean Mistakes?

The big question on the minds of those who are unsure is whether going fast results in errors. HR is a function that often is focused on avoiding lawsuits and making sure data are accurate, and therefore the notion of going faster worries many. In a recent presentation on Fast HRM, someone in the audience (with arms crossed) spoke and said she was certain that if the notion of Fast HRM were introduced in her company, managers would take it to mean they should spend less time in their interviews. And less time, to this individual, meant that the interview would be less valid and cause a list of problems for the company. In response, it's important to understand that "going fast does not mean making mistakes."

HRM has tended to create big, heavy, hard-to-use systems and processes that are built to manage the deviant. HRM worries about the one case that may happen (e.g. the one person who will think they can skip proper interview protocol, for example). When HRM builds for the deviant, it slows up everyone else.

North American Stock Car (NASCAR) Example

Think of HR as the pit crew in a NASCAR race event. The driver comes into the pit, and the team supporting the driver has very little time to do the work needed to get the driver back in the race. Time is of the essence because the goal is winning the race – being first. The pit crew can be really careful and make sure they check every part of the automobile. By doing so, the crew would guarantee their driver would come in last. The alternative is for the pit crew to be strategic and fast, to focus on what's essential and get the driver back out to the race faster and better than the competition.



HR team members need to be like the fast pit crew, not the careful and slow version. If HR waits and makes sure everything is done just right, they often deliver too much too late. The racecar driver can't wait around; he or she has to get what's needed quickly and keep going forward. Waiting and delivering late HR work means managers don't get what they need in the time they need it. The result is frustration, lost productivity and avoiding HR at all cost the next time a similar piece of work is needed. Fast is critical in today's business world. Taking a risk and delivering on time is often more important than delivering late.

Learn from Agile and Extreme Programming

Fast HRM comes from a body of learning on agile or extreme programming, where software developers not only sped up their work but at the same time improved quality, accuracy and user acceptance. In

other fields, such as manufacturing, processes such as lean manufacturing and other quality initiatives focus on speeding up the process in order to improve performance. Therefore, there is a body of work to suggest that speed helps improve performance. In order to learn more about Fast HRM, the summer 2010 Leadership Pulse included two questions on speed and accuracy of HRM (see www.leadershippulse.com). The leadership work is an ongoing learning initiative that focuses manager dialogue on current business metrics. The topics of the learning were leadership confidence and Fast HRM.

The questions asked in the Leadership Pulse Dialogue were framed as follows:

Introduction to the Section:

We are doing quite a bit of work on what we call Fast HRM. It is about fast and agile human resource management (HRM). Below are three questions about this topic.

1. **Please tell us how you would rate the speed at which your human resources function (if you are a small firm and do not have a department, please think about the way HR services are delivered to you personally) provides HR services to you.**

Response scale is 1 to 7, where 1=painfully slow; 2=very slow; 3=slow; 4=average; 5=fast; 6=very fast; 7=incredibly fast.

2. **Next, please tell us how well those same services are provided in terms of accuracy.**

Response scale is 1 to 7, where 1=always inaccurate; 2=very inaccurate; 3=inaccurate; 4=average; 5=accurate; 6=very accurate; 7=incredibly high accuracy

3. **Please take a few minutes to tell us what HR process or tool you would suggest speeding up in your organization. Assume for the sake of this question that speeding up the process will not diminish the quality or accuracy of the end product that you need. Thank you for your help in this work.**

A total of 677 people participated in this Leadership Pulse. The sample is a broad representation of executives around the world from multiple job disciplines, levels and industries. Before delving into the quantitative data, first we will review some of the comments to get a flavor for what executives thought about Fast HRM and what they would like to see HR speed up.

Sample Comments (Respondents Commented on Ratings of the Speed of Their HR Teams):

“The organisation works in a totally fragmented way, leaving room for favoritism.
HR focuses mainly on admin and does not look to add value (I should know, I'm in the team).”

“Process clarity - why do we do certain steps, does data flow logically through the steps, what steps can be eliminated, what data is unnecessary, who does what.”

“A more well-defined and LEAN process, supported by systematic and coherent management choices and frameworks would probably "solve" the issues I see with the HR processes.”

“We have needed a relevant performance management process and development tool for years - we are challenged with increasing (low) morale and related people issues due to the lack of a clear vision and strategy from HR.”

“HR reacts slow and indecisive most of the time, leaving our review process and reward system problematic.”

“We need to speed up hiring. Very cumbersome for the hiring manager.”

“No foreseeable hope for them”

“Reviews take too long because we have multiple tools that we need to interface throughout the process.”

“Compensation - especially job evaluations, promotions, adjustments - takes 3 - 6 weeks to have a job evaluated and a promotion approved or denied. Line management finds this unacceptable!”

“Be willing to institute the necessary changes to make the organization more effective, productive and engaging.”

“Maybe it’s a communication issue, but it just feels like things that are worked on by HR are just very slow processes”

“I would like the HR Generalists to be more conversant with and capable of using the human resource management system to access data and produce reports. That would enhance both speed and accuracy.”

“I think we tend to be too reactive rather than setting the pace. Taking a step back to really understand the business and how we can support it for 1-3 and 5 years will really help us.”

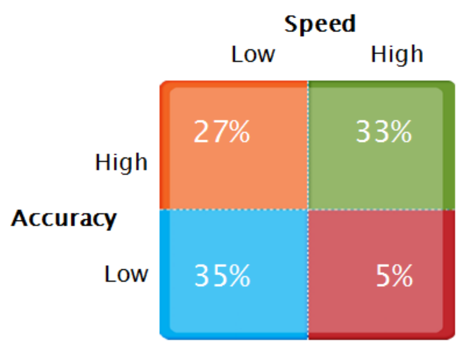
Summary of Comments

The comments tell a compelling story of the need for HR to speed up. In fact, many of the more brutal comments come from people who work in the HR function. These data are very consistent with interviews and case study data that we have collected on this topic. Next, the empirical data are reviewed.

What do the Empirical Data Tell Us?

In order to evaluate the results of the quantitative questions, we ran some statistical models and then represented the results of the data analysis by creating a 2 x 2 with the two questions on fast and accurate HRM. Answers were coded “low” on both scales if the respondent answered from 1 to 4 on the question (slow and inaccurate answers or neutral), and “high” if the individual provided a score of 5 to 7 (fast and accurate responses). The plot showing the percent of people in each quadrant is below:

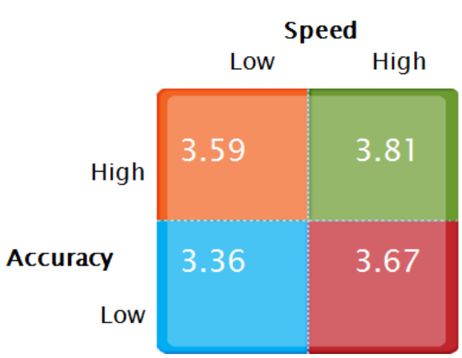
Figure 1: Distribution of respondents according to their answers on speed and accuracy of HRM



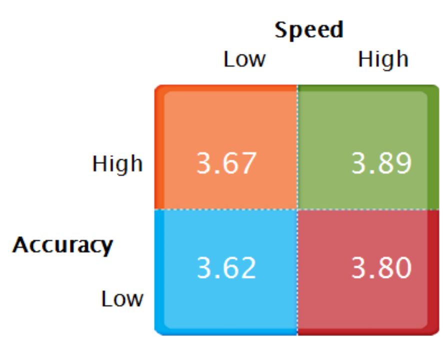
Note that 62% report slow HRM, while 38% report fast HRM. Only one third of the sample, 33%, reports an HR group that is both fast and accurate. We next plotted two variables in the 2 x 2 boxes. The first was overall confidence and the second is firm performance. Below are the results of that work.

Figure 2: Confidence and firm performance scores for the speed and accuracy quadrants (to see more detail on the confidence questions go to www.leadershippulse.com and see the reports page).

Leadership Confidence (1 to 5 scale; 1 = not at all confident; 5 = very confident



Firm Performance (1 = very low compared to same size, same industry firms; 5=very high)

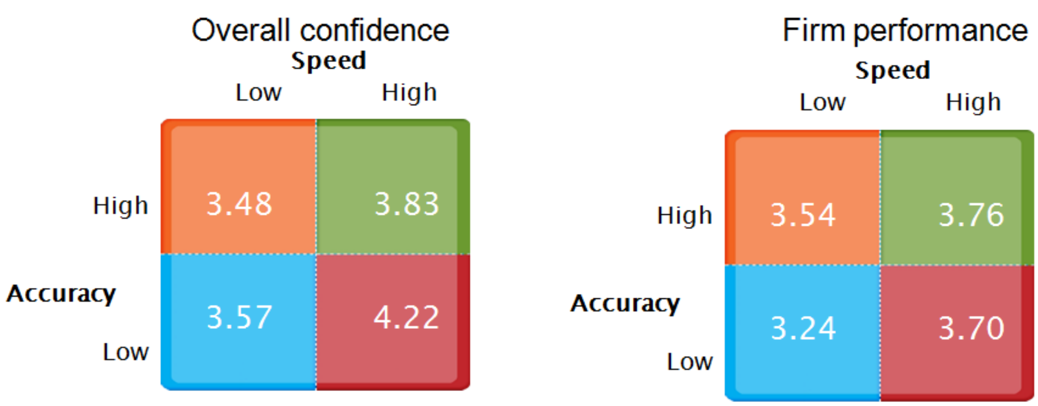


Differences are statistically significant at the .05 (or less) probability level for both variables above. The overall confidence score is an index made up of 7 confidence questions. Respondents are asked to rate, using a 1 to 5 scale, where 1 is not at all confident and 5 is very confident, the following items: 1) your own leadership and management skills, 2) your organization's leadership team overall, 3) your organization's ability to execute on its vision, 4) that your organization has the right people and skills, 5) your organization's strategy making process, 6) your organization's ability to change as needed, and 7) the economic climate for your organization. Self report firm performance are regularly correlated with public firm performance data, finding significant results and showing the self report data are useful.

In both cases, the highest scores on leadership confidence and firm performance are attributed to those who say their HR groups are both fast and accurate. However, the second highest scores (in the red box in both) indicate that speed is more important than accuracy. The upper left (orange) is the third highest scoring group where HR is slow and accuracy is high. The lowest scoring group (blue box) has low scores on both speed and accuracy.

What's even more interesting is what happens when we examine the sample of respondents who are working in HR (vs. in other functional areas). Next you will find the same data on confidence and performance for HR only:

Figure 3: Leadership confidence and firm performance scores for subset of HR respondents only:



An examination of the data from the HR respondents only shows that there is a different pattern for leadership confidence only. These individuals are most confident when HR is fast but at the lower accuracy levels. However, the pattern for firm performance is the same for the HR subsample as it is for the overall group.

It's Time to Go Fast

The data on fast and accurate HRM reported in this article are not from a major scientific survey; however, the initial impetus to explore this topic is based on a much larger scale piece of work that involved intensive study of the drivers of overall firm performance. Earlier research found that there were conditions under which having a senior HR executive report to the CEO (an indicator of HR being strategic) could have a very positive impact on firm performance and also a very negative impact on firm performance (see Welbourne, T.M. & Cyr, L.A.. (1999). The human resource management effect on IPOs. *Academy of Management Journal, 42*(6), 616-629).

The earlier research, studying stock price and earnings growth, found that for fast-growth firms, having strategic HRM helped the firm be successful, but in slow growth firms, the HR executive effect was negative. That led to more research on what HR could possibly be doing to decrease stock price and earnings when a firm is going through no or slow change. Case study data suggested that as fast-growth firms slowed down, more powerful HR groups (those run by HR executives who reported directly to the CEO) took the time to implement bigger and "heavier" HR systems. When this happens, it slowed the rest of the company down even further, thus, unintentionally contributing to bigger bureaucracy, less responsiveness, and slower organizations overall.

Today is not a time when HR can afford to do anything that slows down an organization. It's time to not only examine what the HR department is doing - it also is critical to assure that all tools and processes being used are fast and nimble in order to help companies go faster to compete in the fast-paced markets that are speeding up more each day.

The Fast HRM Initiative

Fast HRM is not just about the HR department going faster. Fast HRM is focused on helping an organization speed up and become more agile through employees – because that's the only way to do it. The agile and extreme programming methods being applied to HR and the business overall help improve process by taking iterative approaches and prioritizing. To date, Fast HRM has helped speed up HR processes such as employee engagement initiatives, employee survey work, and 360 evaluations. At the same time, Fast HRM is being used to improve employee on-boarding processes, training rollouts, merger integration work, new leader experiences, process improvement work, cost cutting exercises, sales campaigns, and other business initiatives. Fast HRM can be used to help speed up and improve all of these business goals because their success rests on the efforts of employees.

Part 2: Trending Leadership Confidence

The Leadership Confidence Index continues to fall. In fact, the overall index is at its lowest level ever (since we started tracking confidence in 2003). Below in Figure 4 you can see the details for each question that makes up the confidence index. All items that make up the Leadership Confidence Index are dropping, with the exception of confidence in the economic climate.

Figure 4: Leadership Confidence Items Changes from 2009 to 2010 (mean scores plotted)

The data indicate that while many organizations report the economy is stabilizing, few think that their leadership is ready to take advantage of it. Some of the comments we received are below:

"Highest-level leadership not changing with the changing political and economic climates and there is reluctance to move executives out. Funding is going to shrink dramatically; I am not at all confident the organization is building a plan to still meet the mission despite reduced resourcing."

"The leaders of the organization have just gone through a tough last two years where some aspects of the business model have been challenged in ways not seen before."

"I have seen reluctance to change from our senior leadership. They now seem to be getting the message but we may be close to restructuring to form a work-out of bankruptcy plan."

"These are very difficult times with more macro factors then ever. More difficult to work around and solve."

"We are a very mature organization, privately held and very conservative. It is extremely hard to get the owners to change."

"Leadership can make changes they want to make, but they seem to miss what it is they should want to change."

The question must be asked however if confidence in the economic climate is improving for everyone. Below in Figure 5 and Table 1 the data show confidence by some of the key industry groups.

Figure 5: Confidence in the economic climate by industry, 2009 to 2010.

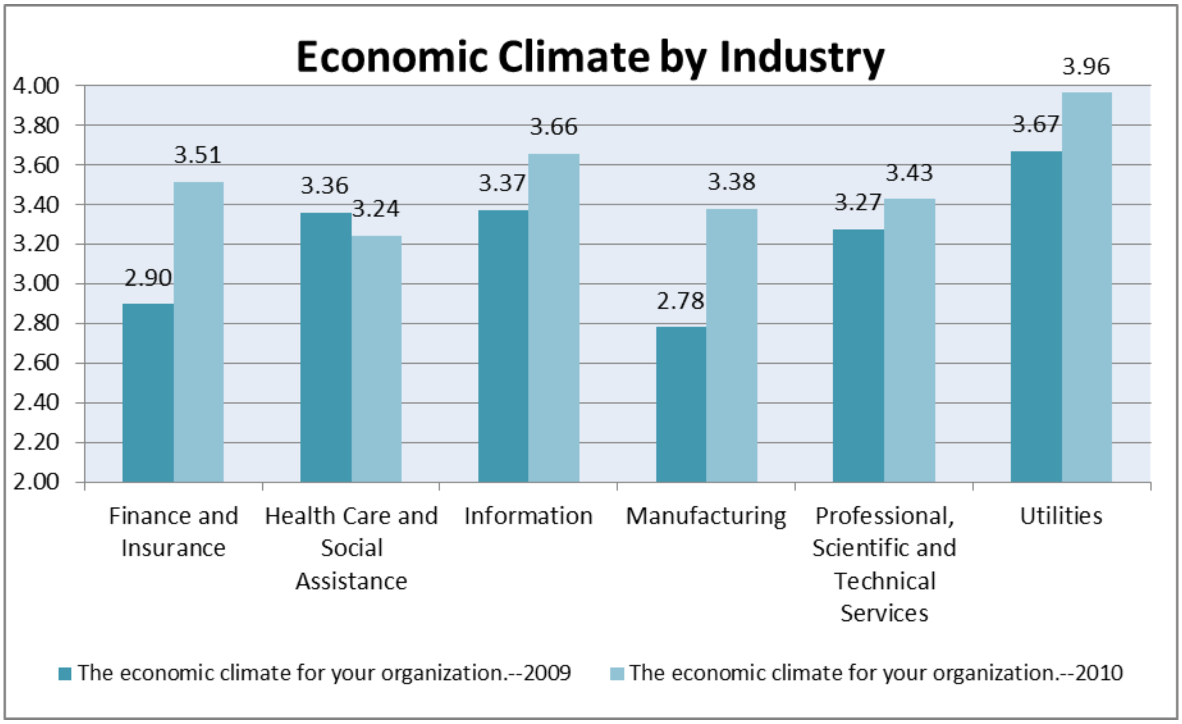


Table 1: Difference in Economic Climate between 2010 and 2009

All Industries With Less Than 20 Respondents	0.31
Educational Services	0.00
Finance and Insurance	0.62
Health Care and Social Assistance	-0.12
Information	0.28
Manufacturing	0.60
Professional, Scientific and Technical Services	0.15
Utilities	0.29

From the data, it is apparent that the utilities industry scored the highest confidence in economic climate in both 2009 and 2010. The finance and insurance industries as well as the manufacturing industry show the biggest rebound in confidence in the economic climate. Health care and social assistance, however, has data showing that confidence in the economic climate declined. The comments show that this may be due to the impact of the government's efforts at health care reform.

"We are in interesting times with Health Care Reform. We will need to re-invent ourselves, which we have done, but this new world calls for innovation, collaboration and "outside the box thinking". Our senior leaders will have to move from their "operational comfort zone" to be profitable in this economy."

"We are in the health insurance industry--the impact of health care reform is the big issue."

Other comments, however, due show guarded caution in the economic confidence seen in other industries.

"As an organization, we are doing the same or slightly better than we did 12 months ago. We're not growing as planned, but we're not getting smaller."

"Economically we appear to be doing well, but the economic climate is still so shaky…"

"As with many other organizations, our company is feeling the strains of the economy. Adjustments are being made to successfully propel us forward. We therefore find ourselves adapting to new challenges."

"The market is hard right now and based on past inaction to move with the market, I have less confidence in my company's ability to execute or change as needed."

"The market is odd. We are seeing allocation all over the place but not huge growth overall from the customer base"

"We need some additional credit for business growth, and it's very daunting right now as a software reseller to try to get credit when the bank loan is based on 80% of 90 days of receivables."

"Our company is financially stable. The leadership meets weekly to discuss routine matters and monthly to revisit scorecard measures and revisit risks. Due to discussions of risk ongoing, the leadership made decisions early that mitigated financial & environmental risk e.g. set a three year expense control plan; constrained purchases and projects to those that contribute to long term growth."

Strategy and Execution

The economy seems to be stabilizing, but the landscape has changed. Organizations first need a strategy and then the ability to execute that strategic vision. We will therefore take a look at the questions "Your organization's strategy making process" and "Your organization's ability to execute on its vision." Figures 6 and 7 and Table 2 show the results of these questions by industry.

Figure 6: Confidence in ability to execute on vision by industry (2009 to 2010)

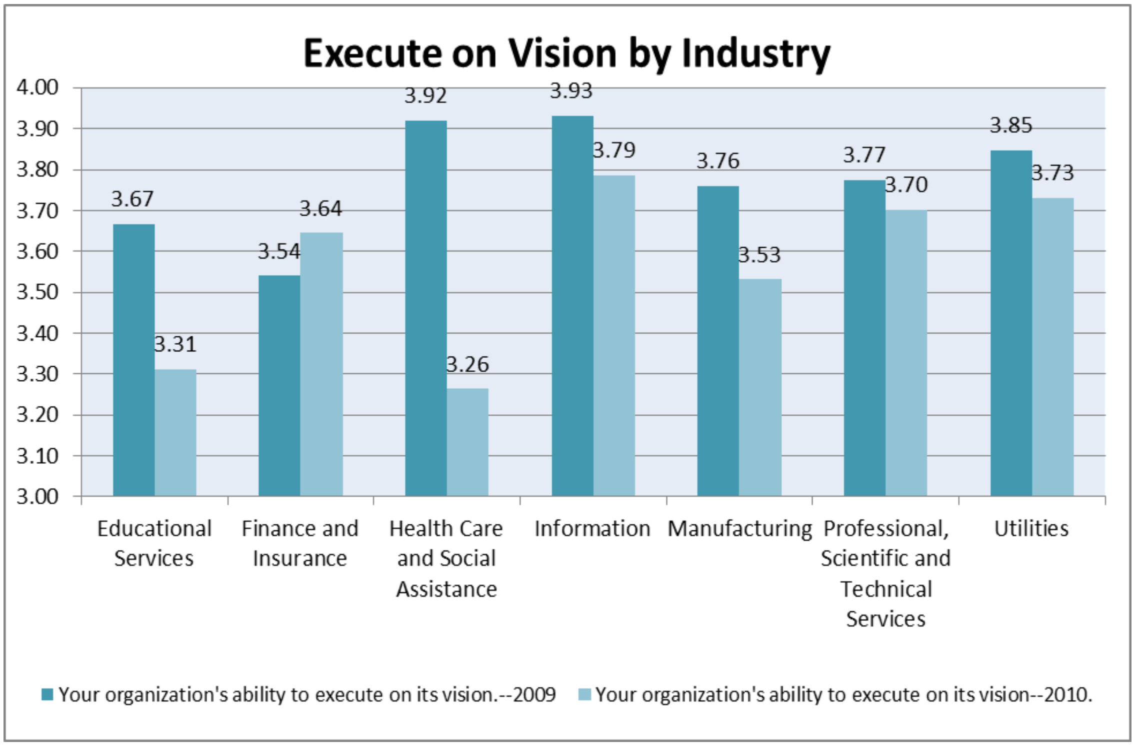


Figure 7: Confidence in the strategy making process by industry (2009 to 2010)

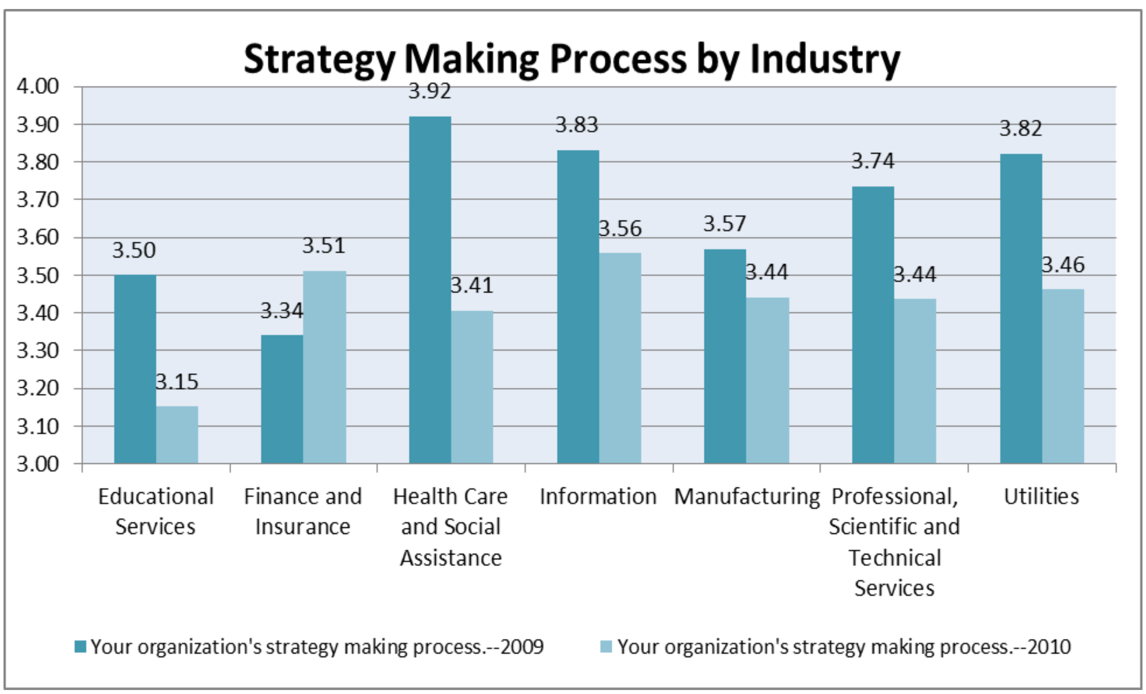


Table 2: Difference in strategy-related questions from 2009 to 2010 by industry

	Difference in Ability to Execute between 2010 and 2009	Difference in Strategy Making Process between 2010 and 2009	Difference between ability to execute vision and strategy making for 2010
All Industries With Less Than 20 Respondents	-0.28	-0.14	0.02
Educational Services	-0.35	-0.35	0.16
Finance and Insurance	0.1	0.17	0.13
Health Care and Social Assistance	-0.66	-0.51	-0.14
Information	-0.15	-0.27	0.23
Manufacturing	-0.23	-0.13	0.09
Professional, Scientific and Technical Services	-0.07	-0.3	0.27
Utilities	-0.12	-0.36	0.27

The finance and insurance industries are the only ones to show increases in both confidence in the strategy making process and confidence in the ability to execute on its vision. The health care and social assistance industry shows the largest decrease in both confidence in the strategy making process and confidence in the ability to execute on its vision.

We also looked at how large the difference was between confidence in the ability to execute on its vision and confidence in the strategy making process across all demographics. Across all demographic groups examined, the confidence in the ability to execute vision is almost always higher than the confidence in the strategy making process for a given group. Less than 10% of the groups (6/65) show a higher confidence in strategy making. This is reflected in the comments.

"Strategy can be made; execution is weak."

"My organisation can strategise - but cannot implement."

"Globally, our leadership is quite good. Locally, however, our leadership is very poor. Our global strategy is therefore very good, but we lack the ability to execute on a local level."

"We seem to have good people and make the right decisions, however we continue to fail on the execution side. "

Humility Revisited

In 2009, the Leadership confidence scores for very high performing organizations showed a rarely obtained pattern in the data. Over the years, with the Leadership Pulse data as well as findings from client studies, we continually found that confidence in personal leadership was always higher than confidence in the leadership team overall.

However, in 2009, with the recession clearly affecting many firms, we found a change in this pattern. For the first time, and only in the high performing firm subsample, we found that confidence in personal leadership and management skills was lower than confidence in the leadership team overall. We set out to find out what may explain this reversal by studying the comment data in the survey and interviewing many of the managers and leaders who are part of the leadership project.

Our conclusion was that the economic crisis created a situation where the enemy "out there" was worse than the enemy within. The recession caused the negative silo mentality to dissipate in many organizations. Leaders from various groups started working together in more productive ways, and they began to appreciate each other with newfound respect. This new way of working then led to high success, even with the recession affecting the economy.

We put these facts together and wrote a report on the finding called "Hope and Humility." Given what we learned last year, we examined the 2010 data to see if we still have the hope and humility story present in our newest data. Figure 8, below, demonstrates that the same pattern exists.

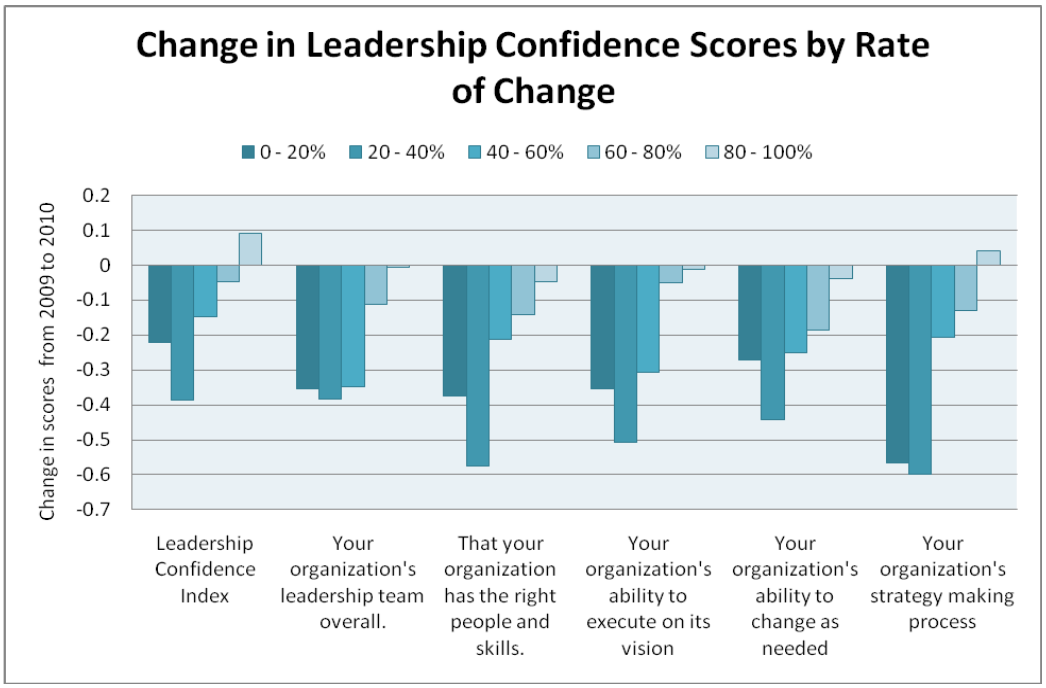
Figure 8: Confidence in one's personal leadership ability by financial performance for 2009 and 2010

<u>Rate of Change: A Deeper Dive</u>

When scores for rate of change that the firm is going through are examined, an interesting pattern emerges from the data (see Figure 9). While confidence in the economic climate improved across all rates of change, organizations going through the highest rates of change, 80-100%, decrease by the least amount in their leadership items and even increase in a few. Conversely, those going through lower rates of change saw their leadership confidence items drop the most. The net effect of this can be seen in the leadership confidence index (mean of all confidence questions), which drops the most for the lower change organizations, but actually increases for high rate of change organizations.

So those organizations that are going through the highest rates of change have more confidence that their organization is prepared to go through the change that they are experiencing. These organizations are "battle-hardened" and express confidence that could stem from the change that they have already gone through, or that they are the driving force behind their own change.

Figure 9: Confidence change scores (from 2009 to 2010) results by rate of change (self report demographic)

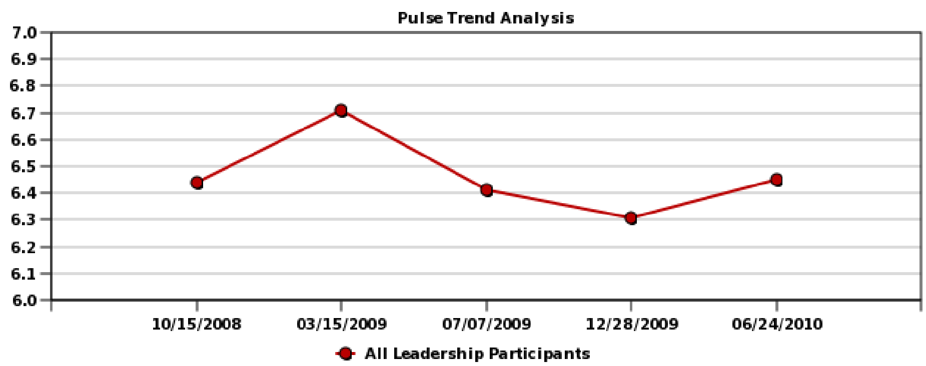


These results for rate of change are consistent with case study data we have collected during the last two years. We are finding time and time again that employees are more confident, engaged and have more positive perceptions of their organizations when they are going through higher, rather than lower, rates of change. This finding has caused us to explore the underlying reasons for this finding and the conditions under which employees thrive in high change. The results are being written up in a new paper called *CHANGE change management*. Given that the scope of this topic is beyond the technical report, anyone interested can contact our research team at info@eepulse.com, and we can provide some of the preliminary results.

Part 3: Employee Energy Findings

Energy is on the rise for the first time since March of 2009. Below in Figure 10 is the trend for the last 5 energy pulses. The mean score for summer, 2010 is 6.45; this represents an increase of .14. For the subgroup of people who answered both periods, the within-person-change score is .10, thus, consistent with the overall change (which measures change in the overall group score from time 1 to time 2).

Figure 10: Trend of overall energy mean score from October, 2008 to June, 2010.



While it is a promising sign that energy is up, a look at the percentage breakdown of where individual energies fell provides more insight, and the data lead to areas of concern. When we examine the various levels of energy, we find that the percentage of low energy individuals remained unchanged. The up shift in energy has instead come from a decrease in the percentage of energized people and an increase in the higher energy groups. The increase of individuals who rate themselves as overly energized (at risk of burnout) is a cause for concern, as expressed by the sample comments below:

“Too much happening at once that needs rapid response.”

“I am working harder, but not smarter and knowing that doesn't make any difference...I am truly paddling as fast as I can trying to help the organization stay afloat.”

“Too many projects, not enough people or time to execute.”

“We have many initiatives and it can be difficult to know that we are applying the proper amount of time and resource to the right initiative.”

“There are many major challenges we are currently facing and that gets me going into high gear which can sometimes lead to frenetic multi-tasking that prevents real focus on the critical few rather than the seemingly important many. As in a car, shifting into overdrive actually lowers the RPM's a bit and helps me make use of existing momentum rather than trying to generate more energy at the risk of burning out. “

“Too many goals/commitments and not enough time to get them done.”

“Wearing too many hats, too many responsibilities and too long of hours.”

“My sense is we are really not at the point yet where we are doing more meaningful work with less resources. My team has shrunk, yet I'm being asked daily to do more.”

“I like challenges. I also like to 'fix things' - I don't like to maintain things. I also work best under pressure, and am able to handle many projects/clients/companies at one time. I have currently, however, taken on more than I can chew and am trying to 'offload' some of my responsibilities to others...nearly burned out.”

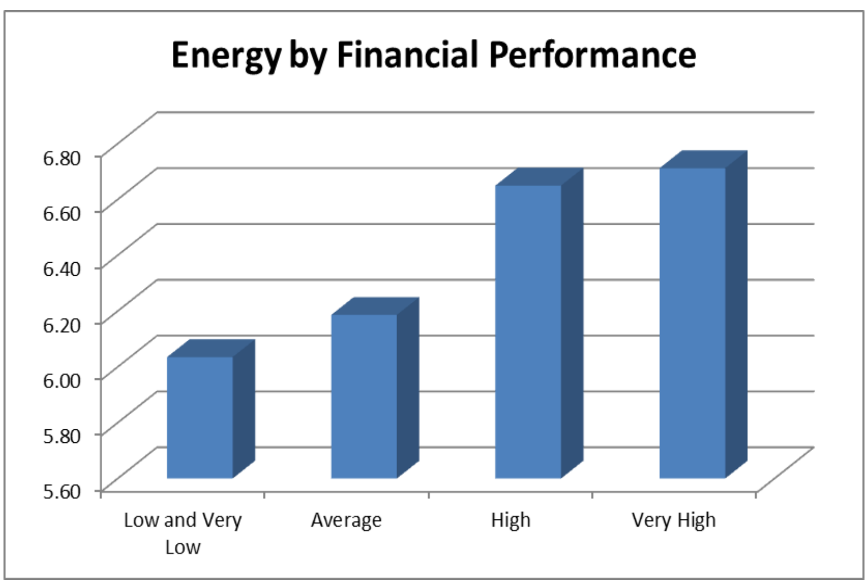
“Too much energy required dealing with escalated problems our Members face. These emergencies suck a huge amount of energy from everyone, giving a feeling of being overwhelmed.”

“Too much work not enough time to get the work done.”

Energy Change Across Demographics

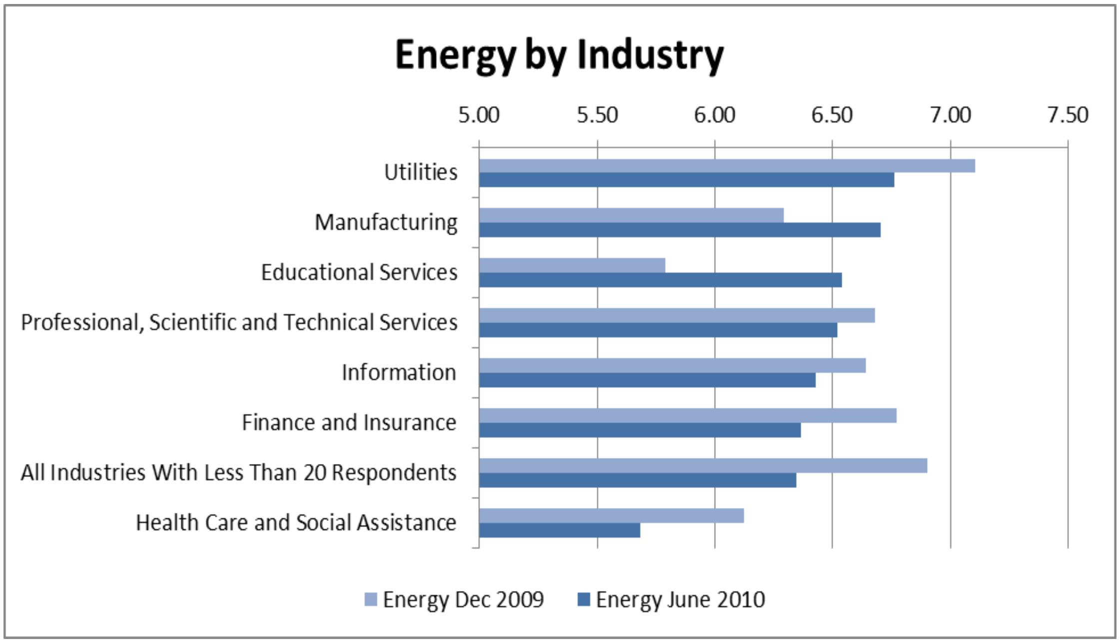
Below in Figure 10 the results for average energy score by firm performance are presented. As you can see, energy goes up as firm performance improves; this is a common theme in the data, and when looking at longitudinal data, we find that increases in energy (while staying in the productivity zone) lead to improvements in firm performance.

Figure 10: Average energy scores by firm performance levels



Thus, it is not surprising that as the energy of the very high performing organizations is the highest and the energy of the low and very low performing firms is the lowest. Energy helps feed financial performance and financial performance helps feed energy.

Figure 11: Average energy score by industry for last two time periods



When looking at the energy data by industry, those in the utilities industry rate their personal energy at work the highest, while those in the health care and social assistance industry rated their energy the lowest. These are the same high scoring and low scoring industries that we saw in our examination of the leadership confidence index.

Energy Productivity Zone Data

In table 3 the data report the degree to which the various subgroups are in their own respective productivity zones. The zone is calculated by using the energy level where people report being most productive. eePulse's research has examined the spread where performance is highest and used the calculation to develop the optimal energy zone for employee groups.

Table 3: Productivity zone status for various subgroups (negative number shows the number of points below the productivity zone where that group lies; more than one point below or above the zone is an indicator of performance problems, if the underlying issues go unchecked).

Functional Area

Finance / Accounting	-0.4
Information Technology (IT)	-0.43
General Administration	-0.65
Engineering	-0.7
Manufacturing	-0.8
General Management	-0.86
Marketing	-1.08
Human Resource Management	-1.26
Sales	-1.43
Research and Development (other than IT)	-1.56
Public Relations	-1.69

Job Level

External Consultant	0
CEO/President	-0.44
VP	-0.85
Manager/Supervisor	-0.99
Senior Manager	-1.12
Director	-1.36
Other C-core (CFO, CIO, etc)	-1.52
Senior VP or Executive VP	-1.68
Professional in Non-Management Position	-1.75

Below are sample comments about what is positively affecting energy as reported by the respondents.

<u>Positive</u>

"We do very intellectually challenging projects and the more they are challenging, the more energy I experience."

"Optimal energy comes from the belief that the work you do is making a difference in the organization…"

"Challenging & interesting work"

"Challenges and feeling like I add value in important ways to the organization energize me."

"I am energized by my organization's mission and vision and my role in helping us realize that vision."

“The contribution and motivation level of the team members improve while working on something of interest and passion.”

“I love my job, what it allows me to do for this organization and its mission. I can make a difference and our mission is important.”

“The interest of the work I'm doing aligned with the talented people I get to work with.”

“My ability to work in jobs, with people and on projects where I can be my "best self". My perception of whether or not my abilities are valued by my organization. How my job connects to our overall mission and strategy.”

“I am energized about the work itself, the work goal, strategy and vision.”

“For me the 2 major factors are the nature of the task--do I feel I can be creative and effective with it?--and quality of the person(s) I am working with on it--is there creativity synergy in the flow of collaboration, or is there resistance or opposition that feel unproductive rather than generative?”

“Stimulating projects and the right resources and staff to achieve them keep me energized.”

“I like what I do. I strive for success.”

“Innovation of work; potential impact on people and the business - if it matters and can make a difference, then I am energized”

eePulse has been gathering data on employee energy at work since 1995 (originally in studies with students and then moving on to business work). With over 1 million data points on what’s affecting energy and the relationship between energy and performance, we are often asked how energy is different from engagement. In the next section, we provide a relatively short response to that question.

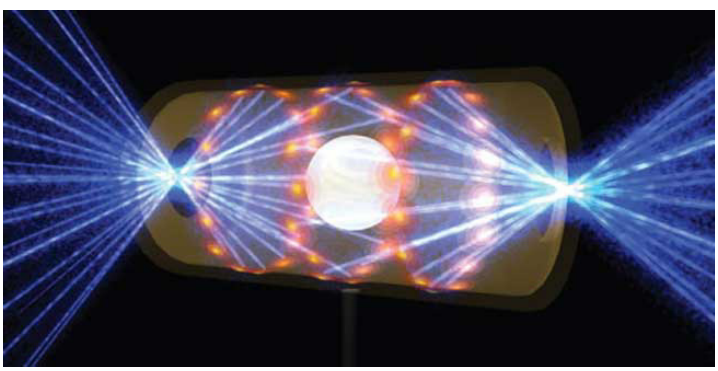
Part 4: Energize and Engage

Lock and Load: What's Next?

In writing and speaking about employee energy, we are often asked the question about how energy and employee engagement are connected. Are they the same thing? Are they different constructs? Is one better than another? It would be nice to have a simple answer to these questions. However, having just completed a literature review on the topic, I found no agreed-upon definition for employee engagement. This makes it difficult to succinctly answer the query about energy vs. engagement.

It seems that employee engagement has become a catch-all term for all that is good about people at work. Some authors have suggested that employee engagement is a "mega construct," encompassing much of what we think of when we talk about the big fields of organization behavior or even human resource management. Thus, it seems that employee engagement is the big "thing" about employees that drives high performance. There are numerous avenues to improve performance, thus, there are a multitude of paths to understand employee engagement. With that somewhat vague sense of the term, next let's review what we know about employee energy at work and then come back to putting energy and engagement together.

Energy = Internal Force, the Ability to Do Work



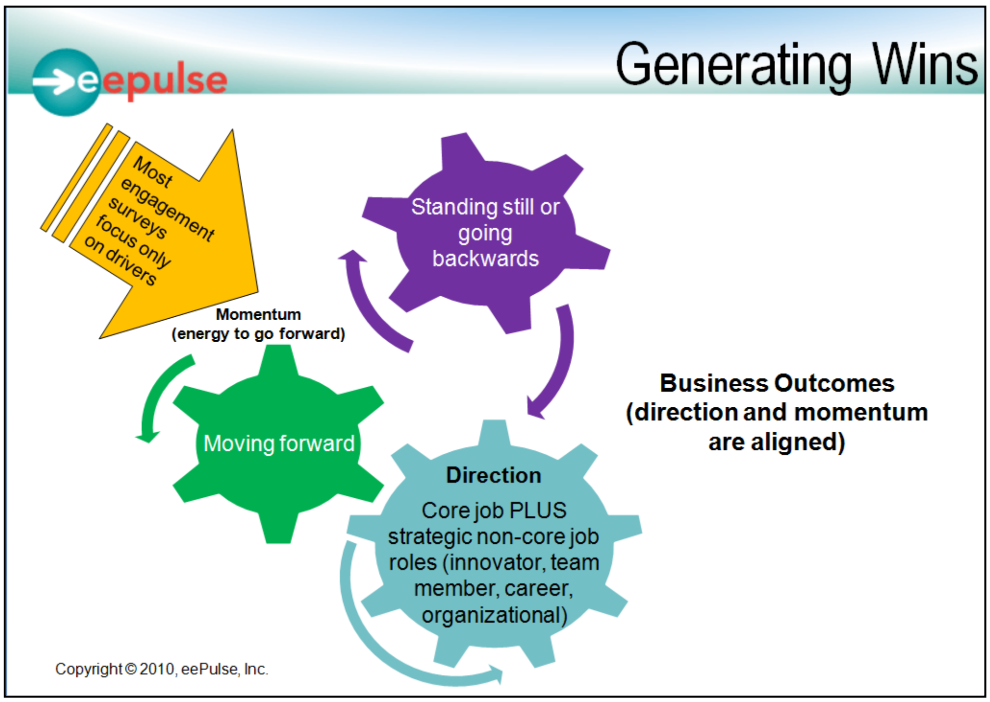
The definitions for energy that we use come from physics, motivation work in management, sales and marketing, and from sports physiology. Employee energy is all about potential to do work. It's the internal force employees have that moves them forward. How people measure energy may vary a bit; however, the core idea is about motion.

In the employee survey and measurement projects done at eePulse and in the Leadership Pulse, we assess employee energy at work. The measurement process behaves a lot like taking your body pulse. We find out how employees are doing (one quick number is obtained), and the results provide one validated indicator variable. To understand what's affecting energy, however, one needs further diagnostics. That additional information can come from open-ended comment data, additional measurement work or from dialogue.

Lock and Load?

Using the terms "energize and engage," reminds me of the infamous phrase, "lock and load." Ready, set and now what? What both energy and engagement alone or together are missing is the target of the force that is being propelled forward. Thus, a complete model of business effectiveness must focus on direction or the target.

In several other articles, the use of roles as a lens to understand employee energy has been introduced. Below is the model that puts together traditional employee engagement, energy and direction using roles at work (to learn more, a presentation and diagnostic tool are available at: http://ceo.usc.edu/news/engaged_in_what.html).



Energy is about motion. Note in this picture that "moving forward" (green cog) is connected to direction (teal cog); however, standing still and going backwards (purple cog) is out there on its own. Knowing the percent of employees who are moving forward vs. not is critical for assessing potential to meet business targets. Measuring energy provides data on the number of employees who are moving forward or standing still; it also gives information on the pace at which employees are moving (to assure they are not going at a pace that will lead to burnout).

What we find in most employee engagement surveys are the drivers of employee energy or movement; however, questions are not targeted at measuring energy. The typical employee engagement survey assesses aspects about the employee's work, manager, leadership, culture, rewards system, customer experience, teamwork and more. These drivers or detractors of energy are important; with these data one can diagnose the things that help convert potential energy into work.

However, knowledge of energy itself is needed to understand the impact of drivers and detractors on employee performance. In addition, data on direction or the target of energy is critical for a complete link between employee engagement efforts and business results. For example, employees can report being very happy with their managers and rewards, but both can be leading employees in the wrong direction. Alternatively, employees can be very happy with their manager and rewards under conditions where they are acting as “detractors” and lowering energy at work (reinforcing the status quo).

“Lock and load” is a fine phrase; it denotes being ready. However, what organizations also need to know is “where’s the target?” A complete high performance or employee engagement initiative, then, requires understanding of:

- Drivers and detractors of both energy and direction
- Employee energy
- Direction (target of energy)

<u>The Roles Lens as a Way to Study Direction</u>

The roles lens provides a succinct way to study direction. Via numerous studies, both academic and practitioner focused, our research team has validated five roles employees occupy at work; they are:

- Core job role (what’s likely in the job description, functional job requirements)
- Team member role (being part of a team, helping other teams)
- Entrepreneur or innovator role (developing new ideas, implementing and supporting new ideas or innovation processes)
- Career or learner role (devoting energy and time to learning new skills, new process)
- Organization member role (doing things that are good for the company overall, often referred to as organization citizenship behaviors).

By specifically calling out what one means by “going above and beyond” and “expending discretionary effort” (terms used in the employee engagement literature) via the roles lens, the path between energy and engagement to business success becomes clear. What also is quickly noticed is the fact that asking employees to spend time and energy on non-core job roles takes time away from the core job. (Send an email to info@eepulse.com for access to research reports.)

The question for any leadership team to answer is which roles are important for the organization to achieve its business objectives. Said differently, how should employees expend their energy at work to optimize business results?

Energy Taking Does Not Have to be Done with Surveys

Energy taking can be done via surveys or what we call "Pulse Dialogues," and it also can be done with zero technology, through a myriad of other processes. One example I read about years ago was providing employees with three buckets of marbles: red, green and yellow. At the end of the day, the employer asked employees to drop in a marble that represented how their day was (good = green; yellow = average; red = bad). The management team would look at the marbles and use that data for the next day's morning briefing.

The key to success with energy taking is to pay attention and look for change. Swings in energy are bad. Also, being busy is not equal to being energized. Employees often report being very busy working at things that are de-energizing them at work.

Our research shows that frequent dialogue with employees about their energy and learning more about the small things that can be done to energize and assure that energy is being expended on the right work that drives your firm's success.

Conclusion

Today's Deficit in Management is about Resources

In this Leadership Pulse report we explored a number of different topics that emerged from the summer study. Learning from a large sample of leaders, we find that leaders and the senior executives who participate in the Leadership Pulse are running their organizations at a deficit.

The deficit is in management, not necessarily the skills of managers, but the resources that managers need to get their jobs done. Managers need enough personal energy to keep themselves motivated and inspired at work and to share that internal passion for the positive with their employees. If managers are "beat up" and working below their own optimal energy levels, and if they lack confidence in leadership, strategy making and vision, how can we expect orgnizations to excel?

This observation is not just from the Leadership Pulse. In a number of organizations with whom we work we see similar patterns.

Our suggestion is to engage leaders in dialogue about confidence and energy, and don't wait. Also, don't expect that doing a simple exercise in employee engagement will solve this problem. The issue at hand is about real performance, and it's not getting better with the traditional, slow methods we have been using to try to fix the problem.