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## **Business Growth Expectations Dwindle: Prelude to Higher Growth or Indicator of Downturn? University of Michigan, Leadership Pulse Study indicates resource growth projections down for Q2**

ANN ARBOR, Mich. – April 5, 2004 – For the first time since it started in June of 2003, respondents of the March 2004 Leadership Pulse indicated that they plan to reduce growth in all of the key business resources measured including net profit, products/services, sales, employees, and customers. The Leadership Pulse is a research project conducted by Dr. Theresa Welbourne of the University of Michigan Business School and eePulse, Inc. to measure the effects of key resources and confidence levels on overall business growth and performance.

In the study, over 560 executives responded to five, short Resource Movement™ questions which track industry leaders' projections of resource reduction and/or growth. The results indicated the following for Q1 (data collected in December, 2003) vs. Q2:

- **Net profits (highest changes expected)**
  - Respondents expecting reduction in net profits went from 6% in Q1 to 11% in Q2
  - Respondents expecting growth in net profits went from 78% in Q1 to 72% in Q2
- **Products/services**
  - Respondents expecting reduction in number of new products and services went from 3% in Q1 to 5% in Q2
  - Respondents expecting growth in the number of new products and services went from 61% in Q1 to 59% in Q2
- **Sales**
  - Respondents expecting reduction in sales went from 6% in Q1 to 8% in Q2
  - Respondents expecting growth in sales went from 82% in Q1 to 80% in Q2
- **Number of employees**
  - Respondents planning to reduce the number of employees went from 9% in Q1 to 15% in Q2
  - Respondents planning employee growth went from 49% in Q1 to 48% in Q2
- **Customers**
  - Respondents expecting reduction in number of customers went from 4% in Q1 to 5% in Q2\*
  - Respondents expecting to grow number of customers went from 76% in Q1 to 74% in Q2

\* Note: Percentage who reported no growth or no change are not included in the results.

### **Supporting Analysis**

“Given that so many other economic indicators are reporting more favorable results, one has to wonder if somehow the small changes are not meaningful, or if the changes are a function of the sample changing from Quarter 1 to Quarter 2,” states Welbourne. “However, additional analyses on two types of changes scores still indicate reductions in all of the growth numbers.”

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eePulse, Inc., the company founded by Dr. Welbourne, donates the technology for the study that allows the calculation of two types of change scores:

1. Overall change, where group averages are calculated at time one and time two and then the difference for that group score is calculated
2. Within Person Change (WPC)<sup>™</sup> which is calculated by subtracting the answers for each respondent who answered time one and time two and then using the individual difference score to calculate an overall change score

“In large studies, where sample respondents may change dramatically from time one to time two, this type of analysis provides a ‘double check’ on the data,” states Welbourne. “In the most recent March study, both the overall change and WPC scores showed declines in average growth estimates from Q1 to Q2 for all five resources.”

### **A Prelude to More Growth?**

According to Dr. Welbourne, one other explanation for the sudden change in downward trends may relate to how organizations grow. “We may be seeing a downturn as a form of ‘retooling’ effort, outsourcing and/or optimizing in order to enhance more growth later in the year,” she states. “One of the patterns we have seen in this data is that high performing firms tend to grow significantly then take ‘rest’ periods before another spurt of growth. Further analysis conducted on the data over the next few weeks will be done in order to tease out more details from the data.”

Persons requesting more detailed analyses of these data or individual managers who wish to be included in the Leadership Pulse study can contact Dr. Welbourne at 734.996.2321. A website is available for individuals who wish to participate in the study or for those organizations that would like to have up to 50 senior leaders participate in the study. If a company participates with multiple executives, it will receive monthly benchmark data at no charge. If interested in individual participation or expanded participation for benchmark reports, please visit either [www.eepulse.com](http://www.eepulse.com) (see Leadership Pulse) for more information or sign up at the following web site: [www.umbs.leadership.eepulse.com](http://www.umbs.leadership.eepulse.com).

### **About Executive Education at the Michigan Business School**

Executive Education at the University of Michigan Business School is made up of world-class educators and researchers renowned for their skill in creating and integrating knowledge with practical application. Their academic backgrounds are coupled with their direct involvement with leading companies worldwide. In fact, *Business Week's* 2003 Executive Education survey has named Michigan among the top three providers of executive education in the world — a distinction they've been honored to receive throughout the fifteen year history of the ranking. In order to meet the changing needs of customers and the competitive environment, their executive education programming consists of “Centers of Excellence” which focus on topical areas that mirror the multidisciplinary nature of the issues facing businesses today. They offer a wide array of choices for executive and organizational development including a comprehensive portfolio of over 40 high-impact, public and custom programs, workshops, executive forums, symposia based on topics of current interest, a speaker's bureau of offering topic-specific experts for company meetings and other forums, and executive mentoring services. For additional information, please contact Executive Education at the Michigan Business School at [um.exec.ed@umich.edu](mailto:um.exec.ed@umich.edu), 734.763.1000.

### **About eePulse, Inc.**

eePulse, Inc. delivers web-based leadership tools for continuous improvement and change management. Using eePulse's proprietary web-based enterprise-wide software suite called Measurecom<sup>™</sup> (measurement and communication), organizations and leaders immediately improve their performance. Productivity enhancement comes from action taken in response to real-time stakeholder information. Using Pulse Survey and Pulse Reporting engines, data are provided as frequently as weekly so that immediate action can be taken to confront “breaking news.” Managers solve problems and pursue opportunities today, improving quality, enhancing customer service, realigning strategy, and improving organizational agility, learning, and performance at all levels. The complete Measurecom product suite includes Pulse surveys, Pulse Reports, Communicate-back tools, Issue tracking, Action planning, Learning modules, Proprietary metrics such as Energy Pulse, Suggestion Pulse, and ChangeStep Pulse, in addition to ROI analysis and reporting. For additional information, please call 734.996.2321 or visit [www.eepulse.com](http://www.eepulse.com).