

Leadership Breaking News:

Leaders are Unrecognized Victims of the Recession

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There is a lot of talk about employee disengagement, with reports coming out on the high percent of workers who are disengaged and ready to leave when unemployment starts to improve. However, what about leaders? How are they doing? Are they ready to walk too? Are leaders disengaged? Are boards of directors asking about leaders and managers? What about middle managers who are leading the day-to-day work of their employees?

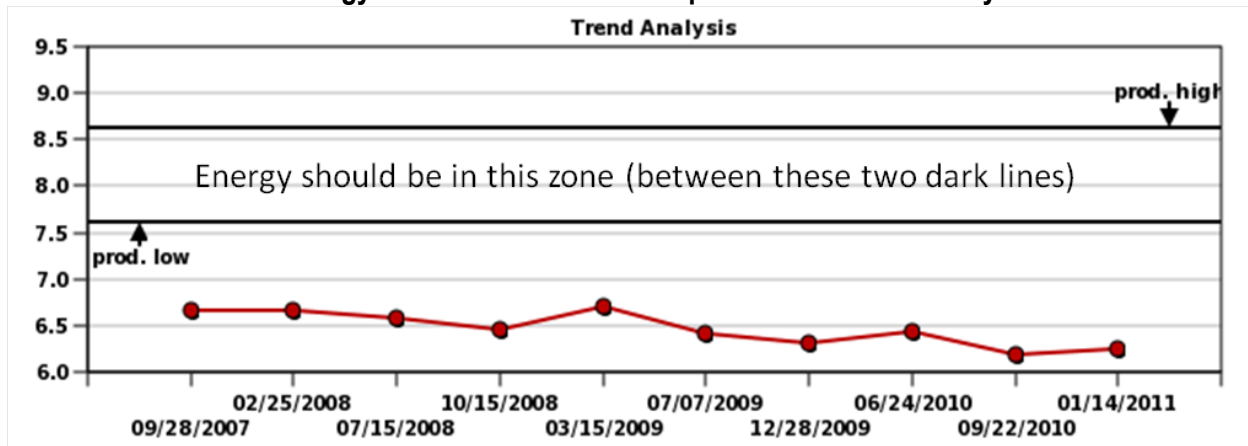
Leaders and managers are important, and if they walk out the door a tremendous amount of relational capital and organizational knowledge exits with them. This article is a call to action because the latest data show that leaders are at risk. They have been suffering from suboptimal energy for some time, and they continue to report energy levels that should be disconcerting to everyone reading this report. *Leaders are unrecognized victims of the recession.*

Leadership Pulse Results

The most recent leadership pulse¹, which ran in January 2011 shows that leaders are reporting lost productivity and lower than ideal energy levels at work. The figure below shows the trend data from September 2007 to January of this year. Ideal energy exists when the red line is between the two solid black lines, which make up the productivity zone, or the zone where employees are most productive. When a group reports being one or more points below the zone, it is at risk of lower performance, high turnover and other withdrawal behaviors of members.

¹ The leadership pulse is an ongoing project that tracks leader energy quarterly. In addition, leaders are engaged in dialogue about other key business metrics. Go to www.leadershippulse.com to learn more. In this pulse dialogue (our word for short pulse surveys), over 300 leaders responded. They come from all industries (using the North American industry code system), small and large firms, and all levels of management as well as diverse functional areas are represented. This particular pulse dialogue also focused on collaborate work environments. The results of that work will be released in early March 2011.

Leader Energy and Zone Status from September 2007 to January 2011

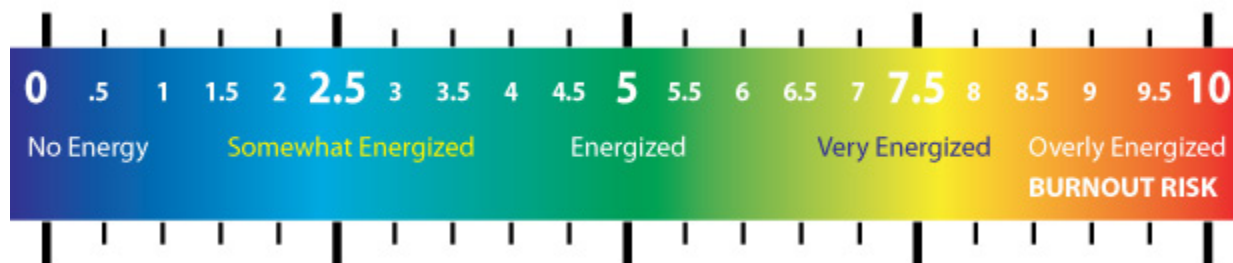


Looking at firm performance data, very high performing firms have an energy zone status (amount of points they are below their ideal productivity zone) of .49, while the high performing firms are 1.38 points below their zone. Firms rated average or below average on performance are 1.50 points below their productivity zone. The more a company is below the zone, the lower their potential and performance.

Energy predicts performance at the individual, team and firm performance levels. Thus, energy below the productivity zone, unchecked, is a bad thing for organizations. This means the current energy results are a bad omen for leaders and particularly negative for the lowest performing firms that will sink even lower without intervening.

What respondents are saying

In order to get a better sense of what's happening, in the next section a sampling of comments are listed in the next section.



Overly Energized sample comments (from red part of the energy scale):

“Increased stress at work related to ongoing employee relations issues.

It seems that others here do not think about anyone but themselves. How their actions, lack of actions affect others.

I give 110% all the time and just feel sometimes it’s not worth it and being burnt out. I love what I do, so I continue work at maximum.

Long hours, enormous workload, daily deadlines

These economic times force us to be more creative in building technology into our products and services, and in be more aggressive in marketing them. That takes a lot of energy.

Being able to push my ideas through until successful execution positively affects my energy

Too much work with no end in sight; unclear goals; working with people that are not passionate about their work is sapping the energy out of me

I have been a burnout risk early in the year. While energized by projects and deadlines, our lean staff resulted in an incredible amount of hours worked for me personally to achieve our targets.”

Sample comments from the Very Energized category (green – yellow on energy scale):

“A little burnout from a period of high work demands coupled with some busy seasonal schedules in personal life and a relatively absent boss. Amazingly enough, overall good feelings about work.

Teamwork and synergy create energy for me. Supporting each other and open communications reduce surprises and help keep us focused.



I like meaty projects where I feel I can make a difference. We currently have a number of those kinds of projects going which keeps me energized. I welcome challenge.

Measured progress against improved results. Good working relationships. Lower stress and rest when off the job. Taking care of and maintaining personal health. Balanced spiritual life.

There is a lot of BRAIN energy when we are discussing Strategic drivers of the business. This tends to slow as we discuss the implementation or the actions to drive this strategy forward.

Working with superb - knowledgeable, committed and responsible colleagues; Clarity on what needs to be accomplished; Active support and necessary resources from top of the organization
I'm energized by challenges and opportunities to be involved in decisions that affect the future.

Clear boundaries of responsibility but some freedom and autonomy to develop solutions/approaches within that space. Ability to collaborate creatively with others. Feeling that the work I am involved with is worthwhile and has personal meaning.

Alignment of company goals with my integrity and authenticity. Similarly, the people that I work that I believe to have high integrity and authenticity are people who energize and motivate me.”

Sample comments from the no energy or somewhat energized respondents (blue part of scale):

“Fatigue from the efforts at finding work in 2010

Underappreciated at time

Too many responsibilities without time to address them. Lack of consideration by management for the need to focus. Too many meetings.

Lack of interesting work and mundane tasks. The freedom to make decisions adds to the energy level. Work that is more interesting creates high energy.

Work content. Family issues. Amount of work.

Negative impacts to work energy--lack of autonomy and decision making; having to collaborate with project team members who take decisions personally and get stuck in the weeds at the expense of the big picture.”

Observations and learning



The comments above are very similar to data from other leadership pulse reports and from clients using energy pulse. The verbatims from client energy work done within specific organizations are more detailed and focused on the particular

business, with specific ideas about what to change in order to optimize energy in specific situations. However, the themes that come out from the leadership pulse data and clients are similar and discussed next.

Relational capital and the variance story

A large number of comments focus on relationships at work. Energy is catchy; if you are working with a passionate, upbeat person, it rubs off on you. Although low energy also affects others, the data show that the worst person to work with is an unpredictable, moody individual. We find that is because employees do not know how to “get ready” for their interactions with the highly variable individual. Although no one particularly likes the consistently grouchy or low-energy person, employees tell us that at least they can

prepare for those encounters. Moodiness is about lack of predictability and high variance. In the world of energy, the data show variance in energy and relationships causes negative outcomes.

The data from numerous studies conducted with organizations around the world show that energy predicts performance and is most powerful in predicting when analyzing variance in the energy metric. Using a sports analogy think about your body pulse when exercising. Individuals exercise and burn calories ideally when they are in their own personal target heart rate zone. Using data about height, weight, age and current level of fitness, target heart rates are set, and ideal calorie burn happens when one works out “in the zone” or at the target heart rate. The same logic applies to energy at work. To get ideal work performance, employees should stay in the energy productivity zone, and variance (high scores and then low scores) in energy is a bad thing. In fact, as we examine the data for the lowest performing firms in the January data, we find that the lowest performing firms also have had big spikes from very high to very low energy.

If you want to reduce variance and improve energy, improve relationships between people at work.



We are not advocating that everyone at work become friends and hang out during off hours. What the data show is important, however, is that employees are treated with dignity and respect. This is not about doing a major cultural overall; it’s about weeding out the bad habits and creating better replacement habits. When working within an organization doing regular energy pulse work, clients quickly find out what habits are having the most negative outcomes, work on changing them, and continually track energy to measure results of their efforts. In addition, as new bad habits arise, or positive habits are learned, the organization can be responsive in swift and proactive responses.

Direction and its many related issues

Analysis of the open-ended comment data across samples shows direction significantly affects energy. Employees want to be part of the strategic decisions, are asking for more information about how they fit into the organization, and they want help when overloaded in their day-to-day assignments. Direction is about clear sight to what’s next, knowing how one fits into the company’s future, and engaging in dialogue when things change, which now happens at a much more frequent rate than in the past. Employees don’t want to be micro managed, but they want their leaders to help them know what’s next.

Leaders, however, are just as “confused” in some cases. Their ability to plan and execute the five, three or even 1-year plan has been hampered by the constantly changing landscape of business. Rather than being wrong and sharing a future that may not be accurate, many leaders have opted for silence because it’s easier than having to explain why their predictions were wrong and thus the strategic plan is changing yet again.



The answer to direction problems is dialogue. When bringing employees along for the journey, we find that most employees are more energized because they understand the need for a detour. Leaders also then are more productive and energized because one more weight is lifted from their shoulders. That weight is the problem of trying to be something they are not – a psychic who can accurately predict the future in an ever more complex business environment.

In the energy pulse work, organizations are able to use energy data to engage in a regular dialogue about the drivers of energy, which in many cases is direction. Knowing when employees need the direction conversation is powerful in learning how to continually and ideally manage in the new high-change business world.

If you want to improve direction, engage in more dialogue; use energy data to enable the dialogue.

Along with direction dialogue comes the employees' desire to get going -- to start running to win. Employees are saying they don't want to be constrained; they want freedom to go forward. However, employees also need the regular "health check up." Just like a runner in a marathon needs water, has health care professionals quickly available if there is an emergency, or how a racecar driver stops in the pit and gets a quick tire change, employees want to go fast and have the assurance that preventive maintenance is there for them too.

In the energy pulse work, employees learn to monitor their own energy and keep track of what is energizing or de-energizing them. By reviewing personal reports that show their energy trend compared to their ideal and tracking events via an event log (journal), employees start to see patterns that allow them to be the person who proactively seeks out the health check or "tune up."

Give employees the power to track their own energy and learn how to optimize it.

The job itself too is key for people to optimize energy. Being able to learn, engaging in new assignments and liking the work are mentioned by individuals as being energizing or de-energizing events.

Assign projects and get employees involved in team challenges to increase energy.

But these are leaders ... I don't get it

As you read the comments and recommendations, you may be thinking that surely something is wrong here. These are leaders. Why would leaders be talking about responsibility, direction, and relationship-focused issues dragging them down? The fact is that today, with the world changing so quickly for everyone, including leaders, their energy too is being drained. The economy is not coming back as quickly as many would like, and that affects business. Below are sample comments from CEO that tell the story from their point of view.

Sample comments from CEOs

"Economic outlook, tax increases, unemployment, firms leaving State due to increased taxes. Difficult to predict sales and workforce at this time due to all the uncertainties. In the second year of this with the current conditions in government. People would rather sit home and collect unemployment that go to work.

The greatest drain recently on my energy has been financial. Trying to pay down debt while growing a business takes much of the "fun" out of business. The final element is the fact that we went virtual 14 months ago and my interaction with people is much less than it was when we all went into the office and that interaction made for great energy.



I am getting very tired. The last 3 years of working mega - hours and doing more of the work myself has taken a toll on my energy level.

Having less work, reduced revenue and a slow response time from clients takes my energy level down, and even puts me in a less than positive mood. Spending a great deal of time trying to get more business and then not succeeding contributes to my attitude.

We hired a new salesperson - a strategic hire for us. On boarding takes a lot of my time for this position. We are also getting busier.

The uncertainty of the economy is greatly affecting our orders from our customers. Customers wait until they are out and only order what they absolutely must have to keep going.

The enthusiasm of seniors and subordinates is infectious. When I evince enthusiasm, it catches on with others, and that in turn gives me more energy to be enthusiastic

The attitudes and energy levels of team members.

My company has lost over 50 % of its business this past year. Transitioning to a new business or new focus is most difficult. Marketing in a poor economy seems almost useless.

Fatigue from the efforts at finding work in 2010

Personal problems: health issues of spouse, too much to do, time management, crises and interruptions at work"

Personal and home issues affect energy

We are often asked about the validity of energy if personal issues affect energy. Yes, personal issues including health, family, vacation and other factors affect energy at work, and that means people will be more or less productive based on things outside of the manager's control. That's the way it is, and the ability of a manager to understand how personal energy affects performance provides a manager with a proactive way of managing their department. People come with a personal life, and although the energy metric does not ask about personal issues, the comment data over the years clearly shows that employees understand and try to manage the impact of non-work factors on work.

Do you know where your leaders are?

If, as our research tells us and as the CEOs and others report, energy is contagious, then the question I have for all of you is “do you know what leaders’ energy is today?” Leader energy affects the energy of their subordinates, which also affects the energy of others. Positive energy creates a virtuous cycle with positive outcomes where negative energy leads to a vicious cycle and less than desirable firm performance results.

The problem we see today is that many leaders cannot themselves count on a long-term strategy; they know direction will change, and they find it “de-energizing” that they can’t help their employees provide one concrete, accurate answer to direction. What we have seen is that dialogue about direction on a more frequent basis, being honest and open about the unknown, is the best strategy. Leaders need to learn how to do this because frequent, ongoing dialogue about direction and redirection are not part of the traditional leadership-training manual that taught 5-year strategy planning.

Six steps to improving leader energy and productivity and then – overall firm performance:

- #1: Find out what the energy level is of your leaders and managers.
- #2: Share the information with them and facilitate a dialogue about energy enablers and drainers.
- #3: Change habits; take on three tactical pieces of work to improve energy.
- #4: Continue to track energy.
- #5: Continue to talk about it; integrate energy data into the way you do business.
- #6: Improve energy ongoing by positively affecting relationships and direction.

We have been very fortunate to witness and be involved in a number of energy recovery programs. Energy management is done best when regular energy measurement and discussions match the rhythm of the business. Energy optimization makes for better leadership decisions, innovation, and higher performance.

When you find your leaders, do something

We are hoping that the next leadership pulse shows a dramatic change in energy because when energy is in the zone, it means that productivity loss is zero. Leaders are the unrecognized victims of the recession, and they need help, today. In our work, we start the energy pulse work with leaders then move to managers. That is because we need energized leaders who are willing to help the middle managers. Only then, when the neglected leaders and managers are nearing their own optimal energy levels are they ready to tackle the work of bringing up the rest of the organization. Higher productivity from optimally energized leaders leads to higher energy for all employees and then to optimal and improved firm performance. Improvement for leaders, then managers and all employees means better business for everyone.