



The Leadership Energy Crisis: The Strategic Opportunity To Act Now

Theresa Welbourne

This article is a serious call to action that is going out to any HR executive who strives to be strategic and help their organization, to all executive coaches, and to consultants who are working with senior leaders, middle managers, and first-line supervisors.

Over the last few months, we have seen the following in the monthly Leadership Pulse research study:

- First, the data appears to be very representative of the overall leadership population. For example, over 60% are C-level executives, CEO, CIO, CFO, etc.; 80% are Director level and above. A very large sample of industries is represented; small and large firms are in the sample (this includes Fortune 100 executives as well as small business owners and leaders). Women business owners are involved, and the sample includes high performing and lower performing firms.
- Second, respondents' scores on Leadership Confidence have been going down. Comments support the notion that leaders are losing confidence in themselves, their ability to grow their organizations, and more.
- Third, leaders said they are working at less than optimal energy levels. No matter how the data was cut, and regardless of how I analyzed the results, leaders said they were less energized than they think they should be today.

Why is this important? Confidence and energy levels predict future firm performance. I recently finished a study with a sample of 24,000 employees, where I collected weekly Energy Pulse™ data over 52 weeks, and I found (using all the right control variables) that leader energy levels at time 1 predict employee energy levels at time 2 (no matter how I varied the time dimension). Added to this finding is the fact that energy at time 1 (for all employees) predicts turnover and manager performance ratings at time 2 in this particular study. In other studies of a similar nature conducted over the last seven years I found that energy levels predict not only individual outcomes but team outcomes and firm performance. Thus, if we care about long-term firm performance, then we should worry when we see energy levels decrease.

But let's face it – we can argue about whether the energy and confidence levels are really “significant,” whether they are just an anomaly in the data, and the reasons why these findings may not be correct. So, in order to further explore what's going on with the Leadership Pulse respondents, in March I asked them specifically to tell me.

In the March Leadership Pulse survey, the first question we asked dealt with the plethora of leadership data showing potential problems. We first reported back the results from prior surveys and then we asked survey respondents to help us interpret the scores. Below is a summary of their coded comments:

- 45% said that as a result of overall burnout, they were tired, could not focus, were worried about the future, work-life balance was out of control,

leaders were problematic, strategies were not working, and more.

- 38% said that they were worried about the business environment and the economy, and this was affecting their productivity at work.
- 11% said they were unsure about the reasons why respondents were not optimally energized.
- 4% questioned the research methods.
- 2% said they were positive, and they could not understand the findings.

In the next section you will find a sample of the comments. I think this data is compelling, and given the link between leader energy and performance, I hope you will agree that action is needed today.

Sample Comments From Leaders, March, 2004 Leadership Pulse

“Due to business environment and economic conditions, the need to do more with less has been a battle cry for a while now. It is difficult to be at your highest when you feel underappreciated and undervalued for what you have already been doing. Top level leadership needs to come forth with a rally cry and strategic plan for how to survive in these tough times.”

“I believe that most leaders are really stretched to do more with less. In today's very competitive economy, we are all taking on tasks that used to be tasks that could have been delegated to others. Since money is tight, we now do our own work and the work of others as well. Also, I would be interested to know the ages of the "leaders" who are being surveyed. A personal opinion that I hold is that "baby boomers" such as I, have a higher work ethic than other upcoming generations. Therefore, we tend to pick up the slack for others and this makes us tired.”

“There is a weariness creeping in. The economy is still sluggish and most executives are not seeing high growth prospects. The uncertainty of what promises to be a contentious election year and concerns about terrorism, the war in Iraq, etcetera have dampened the collective conscience.”

“We are being beaten down by a variety of factors, the much hyped turnaround in the economy and world situations are not happening-things appear to be worsening our own customers are using us to beat one another up on prices and move jobs off-shore. We cannot compete with labor costs below minimum wage...people have started to think if manufacturing is leaving the US, then what is left ? The answers for the short-range are devastating. Where will our already marginalized workers go ? What will they do? The inability to compete will demotivated leaders.”

“Perhaps because with the down economy, leaders energy has taken a hit after working on issues to minimize the impact but have not been as successful as they hoped.”

”NO WORK LIFE BALANCE”

“Energy can be a direct result of morale, which I believe is at an all time low in corporate America. We are all doing much more with less resources and the news isn't getting any better. When things are good economically and the work load is still high, you have reason to push forward and can find motivation in the fact that you see a bright future. All we have seen is layoff after layoff and economic news that has yet to

hold promise for us.”

“There is uncertainty in the workplace, particularly fueled by the need to do more with less. As a result, the support that comes from a sense of community is reduced, and significantly this is becoming more pronounced. Associated with these business pressures are the pressures around family and relationships, which appear to be under great strain--divorce, family problems, etc. The buffers that used to be there are not as present. Additionally, the speed and complexity of our world are increasing, requiring faster responses with greater likelihood of failure.”

“We are just tired!!!”

What You Can Do Today

Option #1: If you need more data, and you want to read more, you can find the complete set of comments via the following link:

http://www.eepulse.com/documents/pdfs/Leadership_Pulse_Detail_Report_3_2004.pdf

Option #2: You can measure your own leaders' energy and confidence levels and determine if you are in need of help. You can contact me directly to get information about how to do this type of measurement work (twelbour@umich.edu).

Option #3: Develop your own internal action strategy. Engage your HR team, OD executives, consultants, and others to talk about what this means and to help your leaders. It may be necessary to work with your firm's board of directors or with outside coaches.

Option #4: Join our University of Michigan Executive Education Leadership Study Group. We are looking for organizations that are interested in an ongoing learning research cooperative that will benchmark leadership data, develop interventions, and then report our learning to members of the group. This group also will meet regularly in order to review overall data, and their own quarterly data will be analyzed and reported on site to involve the senior executives in both the challenges and solutions.

The Role Of Productivity Blockers

My learning on this subject is that you can optimize the energy of leaders and employees by focusing on two things: (1) getting rid of things that are blocking productivity, and (2) helping leaders find new opportunities. This might sound like a tough job, but it was pretty easy for me because I have always used employees as my informants. I'm in the data collection business, and I collect data from not only employees but in my best case scenario from other key stakeholders (e.g. customers, partners, investors, and more). When you obtain information from key stakeholders (and my preference is to do this on a frequent and ongoing basis), then you have complete access to business data. I use that business data to work with leaders and help them drive change that leads to success.

And when you start with this type of data, you experience small wins immediately. If you celebrate and communicate the small wins, energy levels start to swing back to levels that drive growth and positive firm performance. The route to changing energy levels is not “stuff.” Sure, everyone wants more money, but you don't need to raise salary levels in order to solve the energy crisis. However, you do need to help minimize the things that block productivity. This means that your first and most important job is to find those productivity blockers quickly. Once you find the blocks, you can communicate them to the right people and help the responsible managers

take action. The money and rewards follow.

Why Is This A Strategic Opportunity?

Choosing and implementing the right business strategy doesn't matter much if you don't have a team on board that can implement. Being on the right track doesn't matter if the people are moving along so slowly that they never reach the end of the race. Strategy is nothing without people, and if your team is in trouble, you are the ones who have to take action. Who else is going to notice? It doesn't matter a lot if they keep talking to me via their Leadership Pulse surveys. Their data has to lead to action by someone, and I think that someone is you. Who else is going to initiative the changes needed to help your senior executives and managers drive your company forward?

There is another aspect of this opportunity that may not be as clear to you. The search for productivity blockers is also the search for new opportunities. We're not just trying to cut costs and take away things from our business. You can drive growth with new ideas. But somehow we often get so caught up in the things going wrong that we forget about things going right and new ways to improve our situations.

Success is the first thing that will bring de-energized, unmotivated, and low confidence people out of their current state. Help your senior team find new opportunities. You can do it because HR is the vital link to employees, and the employees are the critical link to customers, the external environment, and more. However, we often forget that employees KNOW THINGS. As you talk to managers, as you collect data from them, and as you search for ways to solve the leadership crisis, systematically collect information from employees but about the business! Create a knowledge organization that is energized by sharing information.

The act of learning through each other creates its own energy, and the results of this sharing drives success, and then success leads to more energy and confidence. You can start the "learning - energy - success" cycle. It's time to just DO IT!

Post Your Comments

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As an Adjunct Professor with Executive Education at the Michigan Business School, she works with the team 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. For

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