

With the ‘get up and go’ of executives slipping, Theresa Welbourne shares what we need to do about it.

Energy Crisis in the Corner Office

THE TERM “LEADER” CONJURES UP VISIONS OF

JACK WELCH, MICHAEL DELL, Bill Gates, titans of grandeur and business success. But what happens when managers become overly stressed or demotivated?

To understand today’s business executives, I started a research study with a large sample of leaders (approximately 4,000 to date). Rather than learning from the business superstars, my research focuses on everyday leaders in companies where you might be working. Since June 2003, I have asked these executives every two months about their energy at work, as well as other questions about their state of mind.

The results over a year and a half are not pretty:

- Leadership confidence – including confidence in their own teams – has declined since summer 2003.
- Leadership energy is below where leaders say it should be in order for them to be productive.
- Leadership energy declined significantly from August 2003 to November 2004, the last period measured.

I’ve been measuring energy at work since 1996, when a series of large-scale studies by my research teams at Cornell University and the University of Michigan Business School began to track predictors of initial public offering success. The multiple studies showed one factor – having a high-energy culture – that made a significant difference in such measures as stock price growth post-IPO, earnings per share growth and firm survival in later years.

Keep in mind that high energy is not necessarily high satisfaction. Profits come from change, and change is not very “satisfying,” at least in the short term.

But we still needed a way to assess individual employee energy inside the firm. So, I began to ask employees one question frequently to determine that energy. The question uses a 1 to 10 scale, where at low levels employees report not being energized at work, at mid levels they start becoming “energized” or challenged and at the very top of the scale (9-10), they report being overly energized or burned out.

The ideal can vary from group to group. Software programmers, for instance, are most productive at a 5; they often work best with few distractions and without being “pushed” by managers or others. Salespeople, on the other hand, say they’re

best at an 8, seeking high energy levels to stay motivated through the inevitable customer rejection.

Once we determine the optimal productivity level for a group of workers, we take the optimal number and build a zone around it, so that managers receive data showing if their people are in or out of their own customized zone.

We also found that leadership confidence is crucial. So, we added five questions to gauge confidence, again tracking since summer 2003:

- The economic climate for their business
- Their own leadership teams
- That they have the right people and skills
- Their firm’s ability to execute on its vision
- Their firm’s ability to change as needed

Inside the Results

On the leadership confidence measures, only one – economic climate – has improved since June 2003.

All other answers have trended downward, with confidence that they have the right people and skills showing the greatest decline from 74 percent saying they were confident in fall 2003 to only 62 percent in summer 2004 – a 12-point decline. Similarly, ability to execute on vision declined by 8 points, ability to change as needed by 7 points, and confidence in themselves (their own leadership teams) by 5 points.

In terms of energy, the average energy score for the most senior executives (CEO, CFO, CIO and the like) is 6.96, but their optimal “zone” (where they are most productive) was calculated at 7.81 to 8.85.

Doing More With Less

Why are those measures sinking? The comments from leaders were striking:

- “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.”



- “In today’s very competitive economy, we are all taking on tasks that used to be...delegated to others. (Also) 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.”
- “Energy can be a direct result of morale, which I believe is at an all-time low in corporate America.”

Overall, 45 percent of respondents said their confidence and energy levels were down due to burnout, fatigue, inability to focus, work-life balance out of control and/or strategies at work simply not producing results. An additional 38 percent said they were worried, citing the business environment, terrorism or family issues.

Why should we care? Leadership confidence directly affects employee confidence, and both overall confidence and energy drive firm performance. In fact, leadership confidence in some ways is similar to consumer confidence. When consumers are confident, they spend more money. When leaders are confident they go “above and beyond” at work, implement new ideas, help employees perform better and find solutions to customer problems.

Turning It Around

So, how can leaders stop the downward spiral of confidence and energy?

Again, we turned to the leadership population for answers. In a recent Leadership Pulse survey, we added a question one of our respondents had asked: *What are some ways for leaders and business*

owners to maintain their sanity while running their businesses?

Close to 500 executives responded to this question. Overall, two themes emerged. One set of comments was focused on the individual person, with suggestions including exercise, getting outdoors, making time for family, breathing, yoga and more.

But I found the other set even more intriguing and perhaps somewhat unexpected: Many comments focused on how the leader is leading the business.

- “Slow down to speed up – prioritize all things that are most important and delegate those things you do not do well.”
- “Don’t let the business run you – run the business.”
- “Sense of humor – make the workplace enjoyable; recognize the company business is not your whole life.”
- “Believe in what you are doing, enjoy what you are doing and surround yourself with people qualified to do what you need them to do.”
- “Ensure business communications are always open.”

These comments speak not to just the leader’s health but the energy and confidence of all employees. If the leader is realistic, more employees will be working at a pace that is reasonable. If leaders enjoy what they are doing, they will be able to share their positive attitudes. If leaders slow down a bit, perhaps everyone else in the company can “catch up” and improve their own sanity. **W**

Dr. Theresa M. Welbourne is president and CEO of eePulse Inc. and an adjunct professor at the Ross Business School at the University of Michigan. Readers who want to participate can sign up for no cost at: www.umbs.leadership.eepulse.com.