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The Leadership Pulse™ is done in partnership with The Conference Board, The Center for Effective Organizations at the Marshall School of Business, USC, and eePulse. Dr. Theresa M. Welbourne is the author and lead researcher on the study.

Leadership Pulse™ Research Results from Spring 2009 Pulse Dialogue™

Hope and Humility out of Crisis:

2009 Leadership Confidence and Energy

Research Study By:
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Hope: Hope is part of the theme for this leadership pulse because for the first time since 2003, the overall leadership confidence index is showing a statistically significant increase, most of the individual questions that make up the index are on the rise (with the exception of confidence in the economy declining again), and leader energy is moving toward a more healthy zone. The hope exists not just because these things are on the rise but due to the fact that they are on the rise after such a long series of falling scores. The numbers are just one part of the story; the underlying reasons for the increase, along with the patterns we are seeing in high performing firms, give hope to not only a way out of the economic crisis but learning that goes beyond just 'getting past the event."

Humility: That's where humility comes in. I'm seeing some very interesting patterns in not only the leadership pulse data but also in client data. In this month's leadership pulse, we found that high performing firms were differentiated by an interesting pattern. Respondent scores on their level of confidence in their leadership team were higher than their scores on confidence in their own management and leadership skills. At first glance this may not seem significant, but keep in mind that this pattern is very rare, in all the leadership pulse studies and in the work I do in client organizations. Even more interesting is what one finds when you do the research to dig under the reason why this pattern is significant. The current economic crisis is serving as a catalyst for change that comes from outside the organization. This event has increased sense of urgency with in firms to the point that leadership teams that have been plagued by severe silo mentalities, focused on what they think is a long-term strategy, and in many ways not united in their willingness to listen and help each other are now being forced by the external and very aggressive enemy (the economy) to do things differently. Rather than focus on the long-term, they are rallying to survive and focusing very well on short-term direction and goals. They are learning from each other, because they can't make decisions in a vacuum. They realize that they "missed the boat" this time around; they did not foresee the magnitude of the economic crisis, and they are learning new ways to cope and face the future.

Worry: Amid the words of hope and humility I must admit that I'm still a bit worried, but it's not about the economy. I'm concerned that the important lessons leadership teams are learning today will be forgotten the minute their organizations turn the corner. This is because many people are just waiting for the 'change' in the economy to be over rather than taking advantage of the power of the external threat to help change not just the business but HOW they do business.

Winners: The winners coming out of this crisis will be the firms that take on radically new ways of doing business. They give up on business models developed 30 years ago for a world that does not exist any more; they will train hard to survive and grow in high change, high stress environments. They will be fast, not just agile. This is because the winners are the ones who will know what's coming around the corner before everyone else. And there will be many, many corners.

Supplement to this report: Webinar on the leadership confidence results available at
http://ceo.usc.edu/news/april_23_leadership_pulse_webi.html

leadership pulse

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Hope and Humility out of Crisis

As noted in the introduction, what we think are the most interesting findings are related to the concepts of hope and humility. We found that for the first time since 2003 the leadership confidence index is on the rise, and at the same time leader energy is starting to move into a healthier zone. We also have hints about why this is happening.

Leadership teams are changing how they behave. They are looking to each other for help, relaying on others for information, and learning how to work as a team vs. as independent leaders managing their own parts of the business. This seems to be the case in the highest performing firms in the sample. There continue to be firms that are not performing at their highest potential, and we hope that if you are an organization in need of some assistance, that the information found in this report will provide some guidance to you and your team.

Probably the most important skill for any management team is that they learn how to work successfully when the pace of change is very high. The winners of industry will not just get through change; they will radically alter how their teams work together. They will question their business and leadership processes and start using methods that are newer and faster. Not to be caught off guard in the future, those who speed up, we think, will be the winners. This is because winning teams have to be way to be out in front of the competition, sensing the environment, knowing what's coming around the corner, and then not just reacting but creating new strategies to continue to stay ahead of others.

What you will find in this technical report are two things: (1) an overview of the findings from the leadership pulse, and (2) our interpretation. Since there is so much history in the leadership study, in order to understand the changes in this report, we will provide some background on leadership confidence data, the energy findings, and the themes that have come out of the leadership pulse since 2003. This knowledge provides a lens that we think you will find helpful in not only interpreting these data but in thinking through the implications for your own organization.

Leadership Confidence

Think of leadership confidence as a parallel to consumer confidence. When consumers are confident, they buy more. They go 'above and beyond' and spend money to purchase things they want vs. need. When employees and leaders are confident, they too go 'above and beyond.' They share ideas; they help others; they put in tremendous energy and hours to succeed, and they help their organizations grow.

We have been tracking leadership confidence since 2003. Figure1 below reveals the trend line of the confidence index over the last five measurement periods.   The trend reveals that Leadership Confidence Index, overall, increased in our most recent pulse. We examined the amount of change through the use of a t-test and found that the change score is statistically significant. I think that more important than significance is perhaps the practical ignorance of the convergence of findings and data. We use the overall index change, the question change scores, the energy trend, and the extremely useful comment data to tell the story of these findings.   .

Figure 1: Leadership Confidence Index (mean score plotted for last 5 pulses)
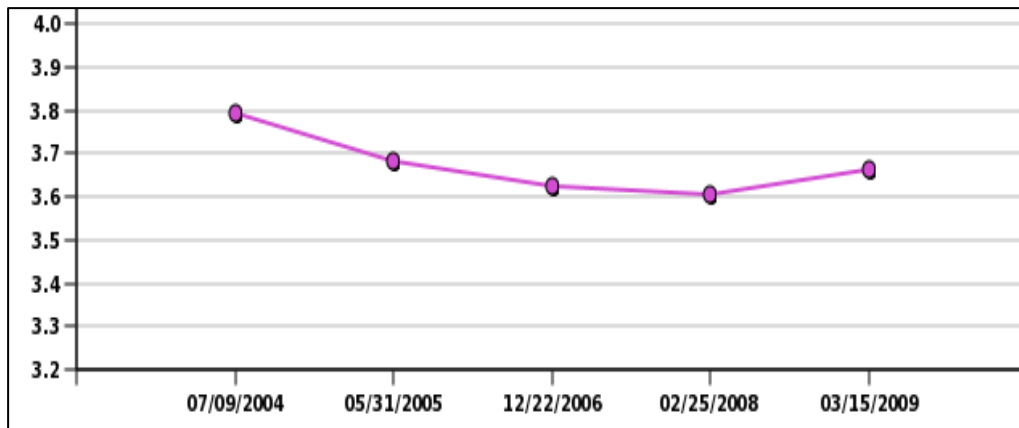
Leadership Confidence Item Level Analysis

Table 1 one the next page reveals the confidence index items and the amount of change from last year's measure. Table 1 contains data from the "core" sample, which consists of leaders who have been with the leadership pulse since 2003 (note that we had added teams via the team pulse, The Conference Board sample, and other groups since 2003); thus, it's not affected by significant changes to the overall sample. The direction and magnitude of the change scores are similar across both samples and bolster our confidence that the change scores are not unduly influenced by recent additions to the core sample.

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Table 1: Confidence Index Item Change Scores for Overall and Core Sample.

Confidence in the following	Overall Change for Entire Sample	Core Respondent Group Change
Your own personal leadership and management skills	-0.01	-0.03
Your organization's leadership team overall	0.06*	0.12*
Your organization's ability to execute on its vision	0.07*	0.14*
That your organization has the right people and skills	0.17**	0.26**
Your organization's ability to change as needed	0.14**	0.21**
The economic climate for your organization	-0.41**	-0.31**

Note: *Significant change at $p < .05$ and **Significant change at $p < .01$.

The data in table 1 reveal that leaders are most confident in their own personal leadership ability. High confidence in one's own personal leadership skills is not a new finding. The trend data over the past five years confirm that confidence in personal leadership skills is consistently rated highest of the confidence items. It is notable that while confidence in the economic climate significantly declined, the overall index is on the rise. An item level review of the results revealed that the increase in the confidence index was driven by increased confidence in the following items:
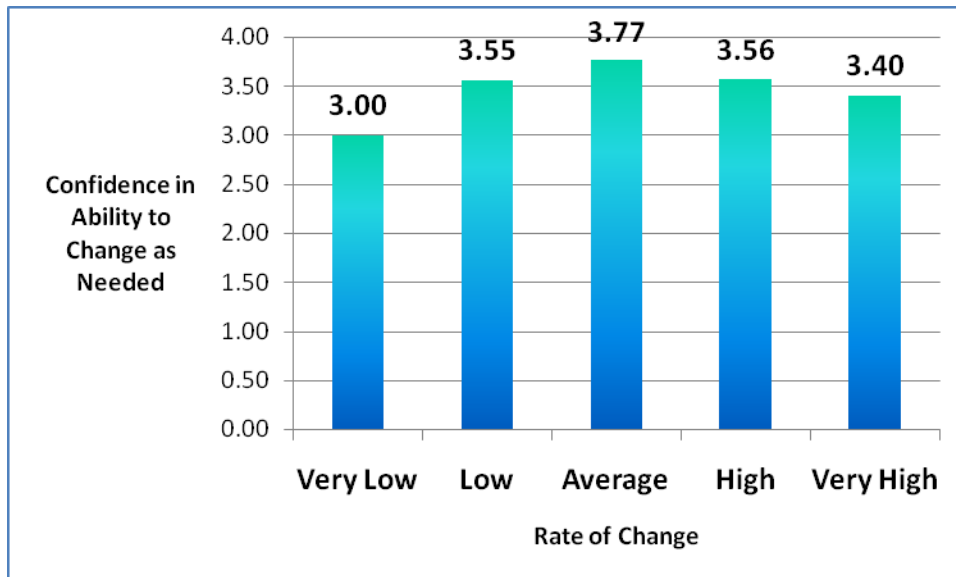
1) Ability to change as needed

2) Having the right people and skills

3) The ability to execute on the vision

4) Confidence in the leadership team overall

Given the nature of rapid change in today's business environment, we thought it might be revealing to investigate the relationships between these four confidence items and the rate of change firms reported.

Rate of Change Effect

We analyzed the data by reviewing several demographic variables, and we found that rate of change provided a valuable lens for understanding the data. For example, confidence in the ability to change as needed showed the largest increase from last year. We wondered how confidence in the ability to change was related to the rate of change a firm reported. Figure 2 on the next page reveals this relationship.

Figure 2: Confidence in Ability to Change and Rate of Change

The results in figure 2 above reveal a curviliner relationship between rate of change and confidence in ability to change. Confidence in ability to change increases consistently from very low rate of change to average rate of change, then plateaus at the average rate of change and drops off as the rate of change increases to very high. Firms experiencing the highest rate of change have more confidence in their abilty to change than firms reporting very low rate of change. What are leaders saying about their organization's ability to change? The following comment examples provide insight into some current challenges.

> *"With a highly tenured leadership team, our greatest risk is our ability to recognize the need for and execute on change."*

> *"Way too risk adverse to ever seize or create opportunity. Still way too siloed in approach and experience to understand the paramount change."*

> *"We recognize the need to change, however we fall into the old, ways of execution."*

One particular question that is in the index, confidence in having the right people and skills, showed the second largest increase from last year. Figure 3 below reveals the relationship between confidence in having the right people and skills and reported rate of change.

Figure 3: Confidence Right People and Skills and Rate of Change
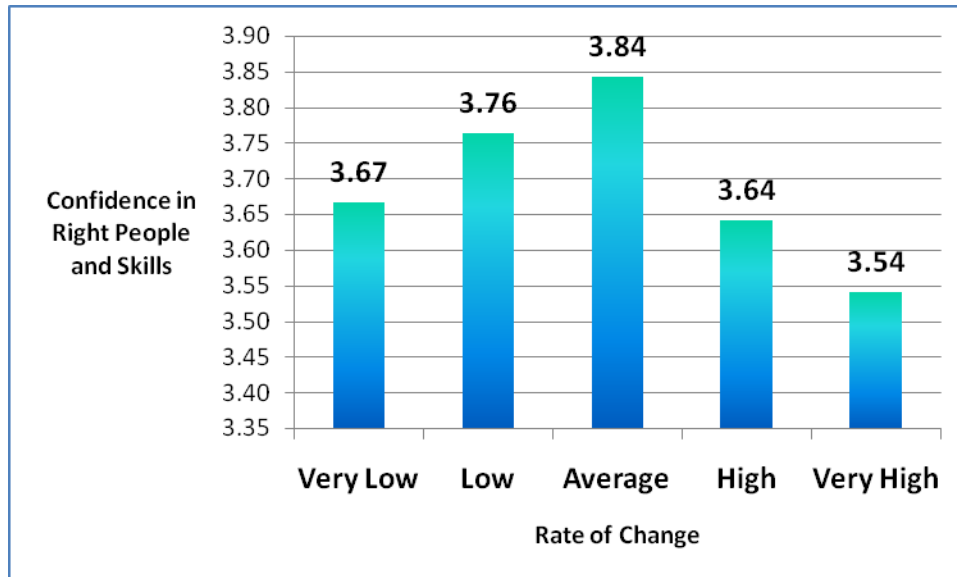
Confidence in people grows from very low rate of change to average rate of change and drops off sharply as rate of change increases to very high. An interesting question is whether this finding represents a human capital challenge (different type of personnel required in organizations operating in high change environments) or a leadership challenge (leaders need to reformulate human capital strategy in high rate of change environments), or both. Below are a few quotes from respondents on this topic.

> *"Performance management does not follow a rigorous system of accountability and hence many supervisors are evaluated on impressionistic views rather than on clear measures that are aligned with business practices."*

> *"We are too slammed to lead or manage well."*

> *"Neutral about right people right skills because we are not very good dealing with performance issues."*

One thing we hear quite a bit is that managers are working managers, who do not have time to manage or lead. Thus, they may be making suboptimal decisions about people, and then they have no time to develop or manage. Also, as change escalates, it may be that everyone is at such a highly uncomfortable position that they look around them and only see the negative.

The third largest increase in a confidence item was for the ability to execute on the vision. One can readily imagine the added challenge that firms experience when

immersed in a high rate of change environment. Figure 4 below reveals the relationship between confidence in the firm's ability to execute its vision and the reported rate of change currently experienced.

Figure 4: Confidence in the Ability to Execute on Vision and Rate of Change
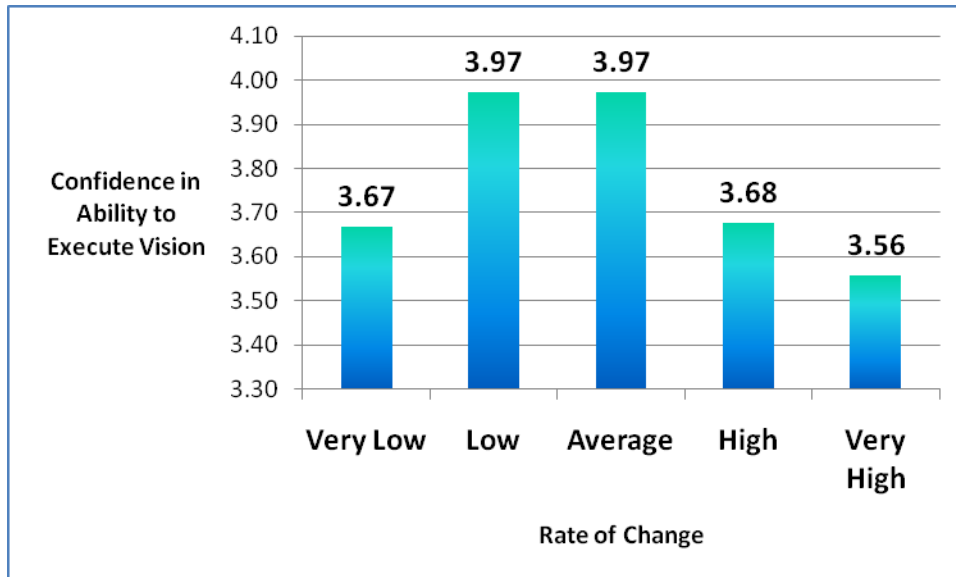
The results in figure 4 indicate that leaders from firms reporting low to average rate of change were most confident in their ability to execute the vision. The least confidence were reported by leaders who reported their firms were experiencing the greatest rate of change. What were leaders saying about their ability to execute on the vision?

> *"Decision-making at the top of the organization appears chaotic and/or paralyzed much of the time. Too many things are resolved via consensus/compromise -- a clear vision of the path forward is not apparent to most levels of the organization."*

> *"The view of the top team and their efficiency in setting strategy and handling our change agenda depends very much on where people are situated in the organization."*

> *"No one saw any value in looking ahead. A very execution oriented group. I want to preserve that and add the ability to adapt very quickly to changes and see the future and see how they participate in it."*

Finally, confidence in the leadership team overall showed the fourth largest increase from last year. The results of the relationship between leadership team confidence and reported rate of change is displayed in Figure 5 below.

Figure 5: Confidence in Leadership Team Overall and Rate of Change
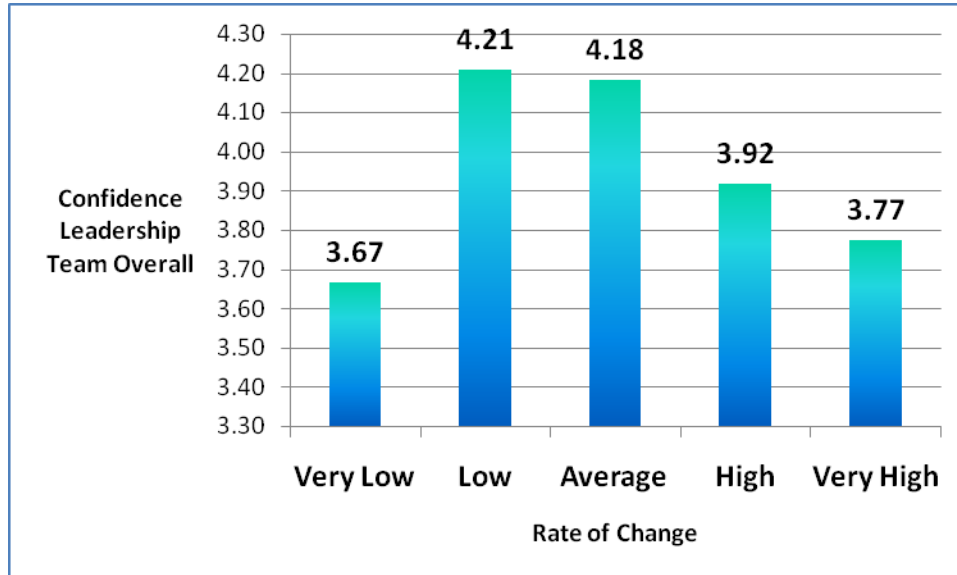
Confidence in the leadership team overall is highest when rate of change is reported at the low to average range. It remains comparatively high as rate of change increases. The comparison is based on the other three confidence items discussed above. What are leaders saying about the leadership team?

> *"The top leadership team has made steps in the right direction. The transparency within the organization has increased at the top level. However, I don't see middle management engaged and continually communicating this strategy to front line workers."*

> *"When an organization has lingered in bankruptcy for over four years without the ability to fashion a financial plan to emerge then by definition leadership is suspect."*

> *"With a highly tenured leadership team, our greatest risk is our ability to recognize the need for and execute on change."*

What does this collection of findings tell us? Rate of change appears to be an important factor in respondents' confidence levels, and the data show that at either side of average amount of change (too low or too high) confidence levels drop. The answer to question as to why would lie in understanding what the very low and very high performing firms are doing that affect these confidence questions.

Change and performance: What can we learn?

We split up the comment data to determine if any patterns can be noticed that help to understand the confidence findings. First, we separated out the low to average rate of

change firms from the high and very high change firms. Within each bucket, we looked at comments from those in lower performing and higher performing firms. Below you see those comments:

Sample comments from firms with low to average rate of change

Lower performing firms

"The organization's current paradigms on how they've operated vs. how they need to change for future success are being challenged"

Way too risk adverse to ever seize or create opportunity. Still way to siloed in approach"

"Immobilized by external events."

High performing firms

"My organization is weathering the current economic storm better than most so far because it was positioned well before it occurred"

"The organization I work for is seeing high growth and profitability - completely unaffected by any financial and/or economic crisis. Furthermore, we have been though hard times (earlier) and have demonstrated our ability to work our way out"

Conclusions for low to average rate of change firms:

The higher performing firms seem to be able to use knowledge and strength from their past to weather the current economic challenges, or at least their leaders' comments reflect this sentiment. They are not changing because, perhaps, they want to stick with proven methods and tools.

Sample comments from firms with very high rates of change

Lower performing firms

"Company is mature, late cycle and is under threat from many directions - competitors with deep pockets, economic downturn, high attrition due to retirements, substitution on core products, costs outpacing revenue, over unionized, time warp, etc."

"We lag the general economy somewhat. Our present status is stable. We're revisiting/revising our strategy making process."

"Constantly changing customer volumes in light the rotten economic conditions makes one question if the company will be here tomorrow."

"The lowest score is in the organization's ability to change."

High performing firms

"Strong Global organization that has been building high performance globally. Developing better approach to define strategy."

"We have tremendous momentum coming out of 2008"

"We are a basically optimistic outfit. We have observed that in times of change, even bad change, that we tend to benefit. I ascribe this mostly to our basic integrity and consistent values. Added to that is our willingness to change as a 'flow 'process."

"We are in a period of transition. In February our long-time President/CEO suddenly announced his resignation. I believe our leadership team is as strong as it has ever been".

"I am confident in my ability as a leader, but I also know that I need to change and be adaptable as the work force and needs of our customers change."

Conclusions for high rate of change firms

The firms experiencing high rate of change who are more successful seem to be embracing change. They are winning by building competencies for change overall.

The story in the data

Several research studies that I have conducted over the years speak to the topic of what organizations need to do as rate of change escalates. This topic is the subject of a book in progress, therefore, in this particular technical report there is not the time or space to go into the findings in detail. However, a brief review of one of the studies may result in some insights that you can take to your own management teams for discussion.

In a study published in the Academy of Management Journal, Linda Cyr and I found that for high rate of change firms, having an HR department that reported to the CEO had a positive and significant impact on firm performance (documented as change in stock price, earnings, and Tobin's Q over a 3-year period of time). The relationship was such that the effect of the senior HR executive was more positive as rate of change escalated. However, for low rate of change firms, having HR report to the CEO had a negative effect on those same performance metrics.

The key for our interpretation was what a senior level HR department would do when rate of change increases vs. when it slows down. Our hypothesis, which over the years

we have examined, is that as rate of change increases, organizations become more innovative and less reliant on the traditional, more bureaucratic HR methodologies and tools. We found this to be the case in high change, entrepreneurial firms, where things like traditional performance appraisal systems, pay systems focused on equality vs. performance, and tools like annual employee surveys often were not tolerated. The systems used by high change firms were more fluid and non-traditional. Thus, by way of influence, the HR executive who reported to the CEO in high change firms was not promoting traditional HR tools.

However, in slow growth firms, the focus changes from leading the industry to following. We find firms focused on best practices, copying what their competition is doing, and relying on things like benchmarking (which by nature of the way the data are collected is a backwards-looking exercise). The road toward traditional HR tools, which many slower change firms followed, led to the types of culture and processes that at times hindered firm performance.

When we take these lessons learned to the leadership data, what can we conclude? Leaders who are running high rate of change firms are agile, embracing change, not looking backwards to secure the past, and are willing to break free of the status quo and try new methods, new competitive strategies, and win even when the economic conditions are daunting.

Rate of change is an important catalyst for innovation; however, it's important that the catalyst does not turn into a cancer, strangling the life from the organization. Thus, you note that it is not the highest rate of change where firm performance is maximized, but a rate of change just one step lower than the highest levels.

There is much more learning here than we can share in the technical report. Over the last 20 years, we have gathered significant amounts of data on change, rate of change, and the impact on organizations. An alternative way we have seen the role of change play out is that as rate of change escalates, organizations need to balance the stress or sense of urgency from change with the organization's ability to cope. There is significant and robust theory and research supporting this point of view (coming from physics, marketing and the behavioral sciences).

What does it all mean? Change is good; it forces innovation and movement forward, but high rates of change must be managed by leadership; they need to be purposeful and aware vs. reactive.

Learning from High Performing Firms

Next we review the confidence items by performance level. As noted above, previous results consistently revealed that confidence in one's own personal leadership skills are rated highest among the items that make up the confidence index. However, this finding does not hold consistent across all levels of firm performance. Specifically, we found

the leaders who reported the highest level of firm performance had the highest confidence in the leadership team overall. This finding was what led us to the idea that humility may be a factor affecting the confidence in the highest performing firms. While we do not know the exact antecedents of higher confidence in the leadership team vs. personal leadership for the highest performing firms, the results are suggestive that leaders from high performing firms place a high value on the ability of the leadership team to create winning strategies. A result that is counter to what we have seen in over the past five years. The results (in table 2) are displayed by the percentage of respondents who answered a 4 (*Confident*) or 5 (*Very confident*) on the 1 (*Not at all confident*) to 5 (*Very confident*) point scale.

Table 2: Confidence Items Comparison between High Performance and All Performance Levels

Confidence Item	All Performance Levels	Highest Performance Level
Your own personal leadership and management skills	94%	91%
Your organization's leadership team overall	82%	97%
Your organization's ability to execute on its vision	73%	88%
That your organization has the right people and skills	71%	.81%
Your organization's strategy-making process	63%	80%
Your organization's ability to change as needed	60%	74%
The economic climate for your organization	40%	59%

The results displayed in table 2 reveal that the highest performing firms are:

1) More confident across all the leadership confidence items, and

2) More confident in the leadership team than in their own personal leadership skills.

Demographic Differences in the Leadership Confidence Index

Using the leadership confidence index (all confidence items combined) as a dependent variable, we tested demographic variables to determine whether significant and meaningful differences existed. We first investigated the relationship between firm performance and the leadership confidence index. The results are displayed in Figure 6 below.

Figure 6: Leadership Confidence Index by Firm Performance
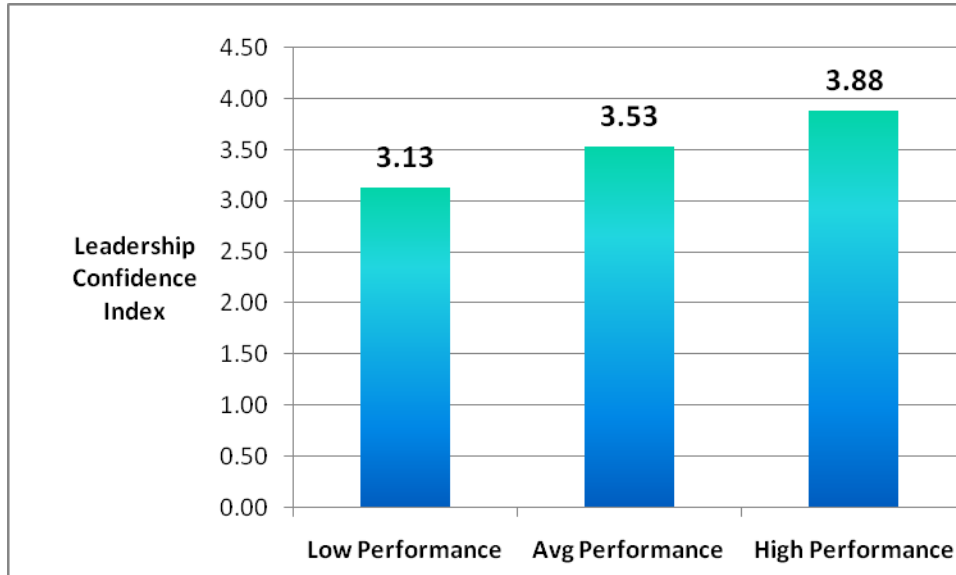
The results displayed in Figure 6 above reveal a significant positive relationship between performance and leadership confidence. Higher performing firms report higher scores on the leadership confidence index.

With the growth of Leadership Pulse over the last few years, more international leaders have joined the study. We were interested in knowing whether there were differences in confidence between U.S. and non-U.S. leaders. The current sample contained 168 leaders from outside the United States. The results displayed in Figure 7 below reveal no significant differences between these two groups on the Confidence Index.

Figure 7: Leadership Confidence Index Scores by Country (Non-U.S. vs. U.S.)
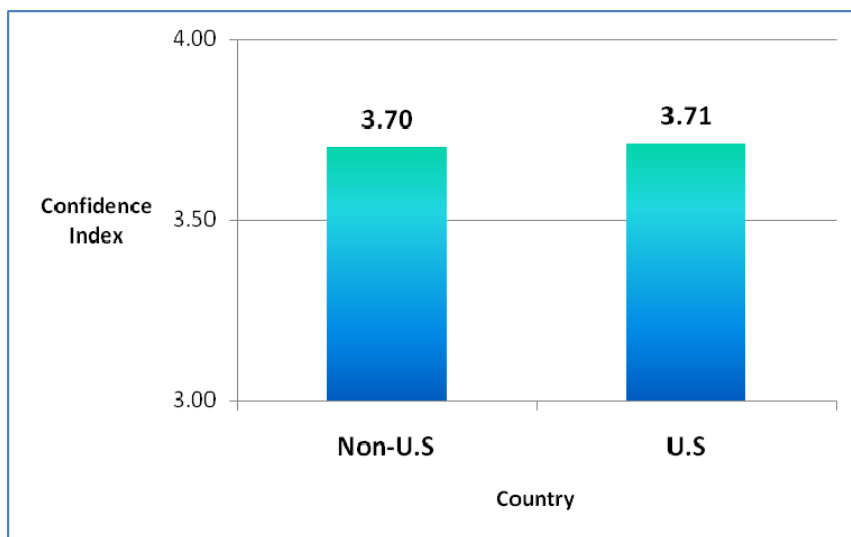
Finally, we reviewed the relationship between job position and the Confidence Index. The results of this analysis are presented below in Table 3.

Table 3: Leadership Confidence Index by Job Level

Job Level	# of Respondents	Leadership Confidence Index
CEO/President	84	3.88
Senior Manager	65	3.82
Other C-core (CFO, CIO, etc)	35	3.77
Manager/Supervisor	92	3.72
Senior VP or Executive VP	49	3.70
Avg All Job Levels	622	3.70
VP	91	3.62
Professional in Non-Management Position	43	3.60
External Consultant	12	3.60
Director	148	3.59

The results of the top position are not that surprising; presidents and CEOs have the highest degree of leadership confidence. However, two other results are worth thinking about:

1) Senior Managers are more confident the other C-core job holders and,

2) Directors are less confident than professionals in non-management positions.

One on the most powerful tools we can apply to a metric such as the confidence index is not a statistical method. It is the ability to understand the reason behind the score. As the results above indicate, Directors report the lowest overall score on the Confidence Index. Below we present a sample of what Directors are saying about confidence or the story behind the score.

"I think there needs to be more transparency and when asked for input it seems the decision has already been made since it is asked for many times at the last minute."

"I believe my organization has a good stock of manpower both in number and quality to execute its business strategy. My concern however, is the extent of utilization of the manpower, placing the right people in the right jobs to get the job done. Decisions tend to be concentrated at the top, thus questioning the leadership confidence of the rest of the executive staff who are heads of departments."

"We have the ability to brainstorm and collaborate and plan, however, we then tend to "file" the plan and rarely speak of it, don't measure our success or have specific initiatives in place to help us accomplish our goals."

Leadership Confidence Summary

Our most recent data indicate that leadership confidence, at the time of data collection, was on the rise for the first time since 2004. This uptick in leadership confidence is as notable as confidence in the current economic climate continues its downward trend.

We also found a linear relationship between firm performance and leadership confidence such that the higher the reported performance, the higher the leadership confidence as reflected in the index scores. We found no differences in confidence between U.S. and non-U.S. leaders, but we did find that the rate of change an organization reports appears to affect confidence across all index items. A somewhat unexpected finding was that Senior Managers were more confident than all job positions except the President/CEO position. Finally, Directors were the least confident job holders.

Energy Pulse™ Results

In every Leadership Pulse we obtain data on respondent energy levels; it is the one question we trend each period. Figure 8 below displays the energy trend for the last five measurement periods.

Figure 7: Energy Trend
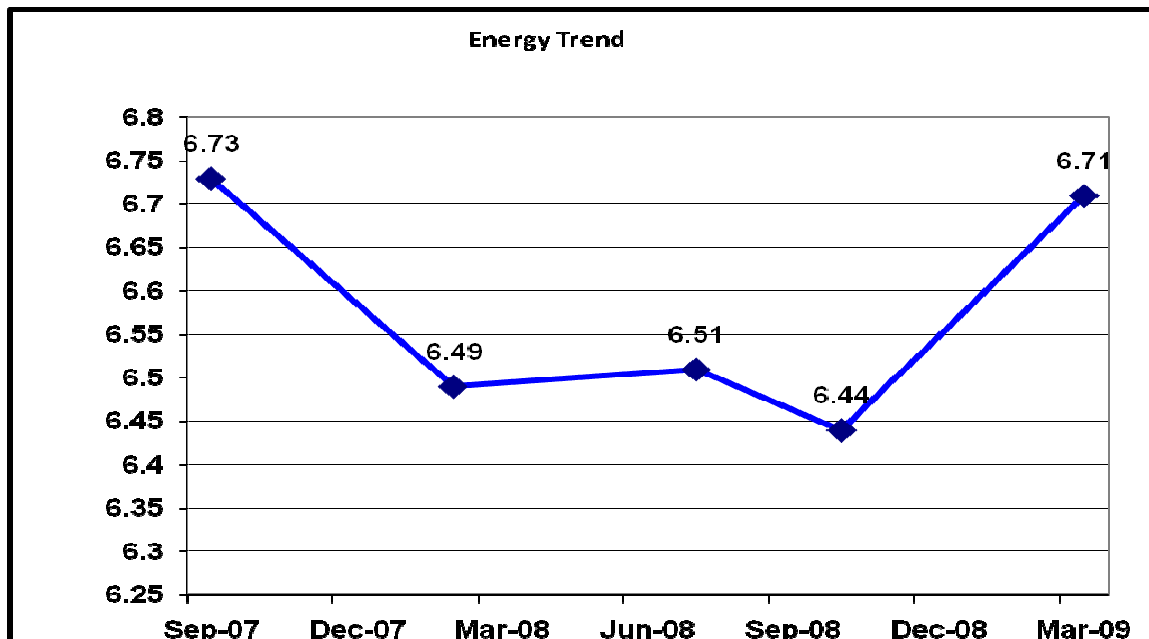
Like confidence, energy is on the uptick. The current energy level of 6.71 is the highest we have recorded since March 2007.

While raw energy scores are important, they only tell us part of the story. We also collect data on productivity. This metric allows us to determine whether the current energy level falls within a band of energy where respondents report being most productive – what we call the zone score. Our research shows that when energy falls within the zone or optimized positive outcomes, such as enhanced levels of teamwork and more innovation. We now review various demographic cuts of the data by the zone scores.

Table 4 below displays the zone scores by job level. A zone score of zero indicates that the group's energy is within +/- ½ standard deviation of the average productivity score or the energy level where they report being most productive. Our research shows that zone scores of less (or greater) than 1.0 are a concern and warrant closer scrutiny of the group.

Table 4: Energy and Zone Status by Job Level

Job Level	Energy	SD	Zone
Professional in Non-Management Position	6.20	1.99	-1.48
Director	6.52	1.89	-1.07
VP	6.66	1.71	-1.07
Educator	7.00	2.00	-1.00
External Consultant	6.82	1.29	-0.99
Senior Manager	6.56	1.95	-0.96
Other C-core (CFO, CIO, etc)	7.06	1.51	-0.77
Senior VP or Executive VP	6.90	1.75	-0.75
Manager/Supervisor	6.77	1.83	-0.65
CEO/President	7.04	1.85	-0.40

The results in Table 4 reveal that every job level is below where they report being most productive (i.e., negative zone score). The red cells highlight the job levels that reported more than one point below where they reported being most productive. The Director and Professional job level holders reported the largest out of zone scores. Combine this finding with the lower confidence scores for the same two groups and we can see that Professionals and Directors are less confident in leadership and have sub-optimal energy levels. These findings suggest that Professionals and Directors may be particularly vulnerable and may require additional support in the current business environment.

Next, we review industry level zone scores. Table 5 below displays the zone scores by industry. Note that all industries reported energy out of zone with the exception of the

construction sector. Also note that 11 industry sectors reported out of zone energy scores and two of those (Mining; Administrative and Support and Waste Management and Remediation Services) reported out of zone scores of more than 2-points. These results highlight that while energy is at its highest level since March 2007, the energy levels are suboptimal or less than where industry sector leaders report being most productive.

Table 5: Energy and Zone Status by Industry Sector

Industry	Energy	SD	Zone
Mining	5.86	2.53	-2.08
Administrative and Support and Waste Management and Remediation Services	7.00	0.00	-2.00
Public Administration	6.30	0.97	-1.77
Finance and Insurance	6.05	1.76	-1.52
Unclassified Establishments	6.63	2.34	-1.28
Other Services (except Public Administration)	6.19	2.05	-1.23
Retail Trade	6.56	1.50	-1.16
Wholesale Trade	6.08	2.11	-1.14
Arts, Entertainment, and Recreation	6.60	2.79	-1.10
Utilities	6.67	1.86	-1.08
Accommodation and Food Services	6.79	2.64	-1.01
Management of Companies and Enterprises	7.55	1.97	-0.86
Agriculture, Forestry, Fishing and Hunting	5.67	2.08	-0.83
Manufacturing	6.70	1.71	-0.81
Information	6.91	1.74	-0.71
Professional, Scientific and Technical Services	6.94	1.77	-0.69
Transportation and Warehousing	6.94	1.59	-0.68
Health Care and Social Assistance	6.98	1.92	-0.60
Real Estate and Rental and Leasing	7.50	0.50	-0.50
Educational Services	7.54	1.14	-0.48
Construction	6.58	2.45	0.00

Energy Comment Analysis

Energy themes were created based on the content of the comment. When content was similar in nature and surpassed 1% of the total we named the theme. This process was repeated until all comments were assigned to at least one theme. Of the 663 leaders who participated, 435 provided an energy comment. Figure 8 below displays the top-5 energy themes.

Figure 8: Top Five Energy Themes
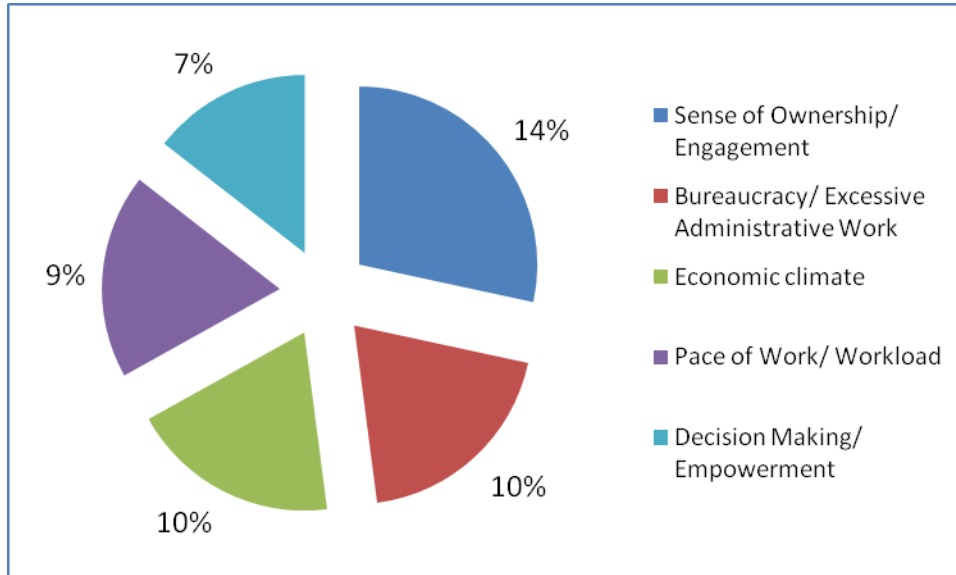
The top-five theme accounted for 50% of all energy comment data. The results were further deconstructed to represent actions or conditions that increase energy and themes that decrease energy.

Sample Comments about Items that Decrease Energy

"Too many competing agendas, reorganizations, role confusion, and lack of consistent strategy/decision-making suck the energy and momentum out of all but the most tactical of projects these days."

"Workload & competing deadlines"

"I am less energized when I am not included in decision-making"

"My energy is somewhat lower than normal due to being tied down with lots of small day-to-day issues that get in the way of more strategic pursuits"

"Struggling to get everyone on the same page and focused on common actions, common understanding of what we should work on and what not."

"Juggling too many competing priorities"

Sample Comments about Items that Increase Energy

"Confidence of management (in me)"

"My peak energy is when there is something new, exciting going on."

"I need an opportunity to contribute by creating new strategies for continual improvement."

"Empowered to affect change"

"Empowerment, working with strong professionals, trust from the boss"

"When I'm making a difference and am empowered I am energized"

Energy and Confidence: What Do They Mean?

In 2008 the data told us that energy and confidence were continuing their downward trends. These data told us that leaders and participants in our study were not doing very well. They were losing confidence in themselves and their organization. Their energy levels at work were not where they need to be. However, the results from 2009 provide us with hope as both energy and confidence increased. These results should be tempered by the knowledge that while energy has rebounded, leaders are still below where they had reported being most productive. In fact, across all cuts of the data the majority of results revealed that out of zone scores were the norm not the exception.

So what can we conclude about the current increase in energy and confidence? We offer a final analysis that may help put the results in perspective.

In this final analysis we investigated whether two categories of energy produced significantly different results across the confidence items that make up the Confidence Index. Specifically, we categorized energy scores as "optimal" or "sub-optimal" by grouping energy scores into predefined categories. For example, energy was classified as optimal if it fell between 3.75 and 8.75 (*energized* and *very energized* categories). Energy was classified as sub-optimal if it fell between 0 and 3.74 (*not energized* and *somewhat energized*) or above 8.76 (*overly energized*).The results of this analysis are displayed in Table 6.

Table 6: Comparison of Confidence Items by Energy Category (Optimal vs. Sub-Optimal Energy)

Confidence Item	Group	Mean
Your organization's ability to change as needed.	Optimized Energy	3.81
	Sub-Optimal Energy	3.41
The economic climate for your organization.	Optimized Energy	3.22
	Sub-Optimal Energy	2.98
Your organization's ability to execute on its vision.	Optimized Energy	3.91
	Sub-Optimal Energy	3.65
Your organization's leadership team overall.	Optimized Energy	4.14
	Sub-Optimal Energy	3.88
Your own personal leadership and management skills.	Optimized Energy	4.19
	Sub-Optimal Energy	4.05
That your organization has the right people and skills.	Optimized Energy	3.83
	Sub-Optimal Energy	3.57
Your organization's strategy making process.	Optimized Energy	3.78
	Sub-Optimal Energy	3.46

Note: All mean differences were significant at $p < .01$

The results in Table 6 reveal that across all confidence items leaders who reported optimized energy where more confident than leaders who reported sub-optimal energy levels.

Conclusions

Leadership confidence is on the rise. So, too, is energy. Taken together, this is good news, especially in the current economic climate, had led to many firms reacting to an ever changing environment. We found that rate of change had an impact on the four confidence items that were driving the increase in the confidence index. These findings tentatively suggest that the manner in which organizations manage change impact the overall confidence in leaders.

While there are many external factors that organizations cannot control, there are strategies to reduce the impact that ever increasing change has on followers. For example, leaders can assess the amount of change created by initiatives already in play, review what initiatives still need to be introduced, and assess the readiness of followers to engage in these new initiatives.

The comment data support the idea that new challenges are energizing as long as there is adequate planning, support and resources. Increased energy helps employees carry out the additional effort required to confront the ever changing environment. As successes are won, they create more energy and confidence in the leadership team

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builds. This circular process is built on the idea that energy feeds confidence, which in turn engenders behaviors that lead to employees going above and beyond the core job role, which builds unique distinctive competitive advantage within an organization. It is these extra role behaviors coupled with a track record of success that can help the organization weather the ever changing business landscape.

Appendix A: Leadership Pulse Study Background and Current Sample

The Leadership Pulse is an ongoing research study that taps into a large sample of executives (approximately 10,000 on the date of this survey) who have agreed to participate in short Pulse Dialogues (our word for short surveys) conducted every two to three months.

A total of 667 leaders participated in the current Leadership Pulse. Below are sample demographics:

Company Size

> - Less than 100 employees…………………………………..18.3%
> - 101- 500 employees……………………………………....8.2%.
> - 501 – 1000 employees……………………………………12.4%
> - 1001 – 2,500 employees…………………………………..4.9%
> - 2,501 – 5,000 employees…………………………………5.4%
> - 5,001- 10,000 employees…………………………………5.7%
> - 10,001 – 25,000 employees……………………………….10.6%
> - 25,001 – 50,000 employees……………………………….8.2%
> - More than 50,000 employees……………………………19.0%
> - Did not provide company size demographic data……….7.3%

Job Positions

> - CEO/President……………………………………………12.6%
> - Other C-core (CFO, CIO, etc.)………………………….....5.4%
> - Senior or executive VP……………………………………7.3%
> - VP…………………………………………………………13.6%
> - Director Level…………………………………………....22.3%
> - Senior manager……………………………………………9.7%
> - Manager/supervisor……………………………………….8.6%
> - Professional in non-managerial role……………………..6.4%
> - External consultant……………………………………....1.8%
> - Did not provide job level demographic data…………….6.4%

Industries

Based on the two-digit level of the North American Industry Code System (NAICS), 20 industry sectors were represented in the current sample. The following industries represent the top 7 industry sectors for the current sample. For a complete list of industries please see Appendix B.:

- Manufacturing…………………………………………24.4%
- Professional, Scientific and Technical Services………..16.9%
- Information………………………………………………8.7%
- Finance, insurance, and real estate………………….....7.2%
- Utilities………………………………………….………..8.6%
- Other Services (Except Public Administration… …………6.0%
- Health care and social assistance…………………………4.5%

Appendix B: Energy by Industry Details

Group	Energy (SD)[a]		Change[b,g]		Zone[d]	PLow[e]	PHigh[f]	Energy (%)		
							Low Energy (0.0 - 3.74) Medium Energy (3.75 - 6.25) High Energy (6.26 - 10.0)			
All Industries	6.71	(1.83)	⬆	0.25	-0.88	7.59	8.60	6	30	64
Accommodation and Food Services	6.79	(2.64)			-1.01	7.80	8.78	13	25	63
Agriculture, Forestry, Fishing and Hunting	5.67	(2.08)			-0.83	6.50	7.50		67	33
Arts, Entertainment, and Recreation	6.60	(2.79)	⬇	-1.03	-1.10	7.70	8.90	20	20	60
Construction	6.58	(2.45)		0.00	👍	6.43	8.69	9	18	73
Educational Services	7.54	(1.14)	⬆	0.58	-0.48	8.02	8.95	10		90
Finance and Insurance	6.05	(1.76)	⬆	0.08	-1.52	7.57	8.61	15	38	48
Health Care and Social Assistance	6.98	(1.92)	⬆	1.04	-0.60	7.58	8.28	7	30	63
Information	6.91	(1.74)	⬆	0.51	-0.71	7.62	8.53	3	31	66
Management of Companies and Enterprises	7.55	(1.97)	⬆	0.47	-0.86	8.41	9.38		31	69
Manufacturing	6.70	(1.71)	⬆	0.08	-0.81	7.51	8.47	4	32	64
Mining	5.86	(2.53)			-2.08	7.94	8.64	14	43	43
Other	6.63	(2.05)	⬆	0.36	-1.10	7.73	8.87	7	33	60
Other Services (except Public Administration)	6.19	(2.05)	⬇	-0.06	-1.23	7.42	8.40	10	40	50
Professional, Scientific and Technical Services	6.94	(1.77)	⬆	0.66	-0.69	7.63	8.62	4	25	71
Public Administration	6.30	(0.97)	⬆	1.30	-1.77	8.07	8.94		60	40
Real Estate and Rental and Leasing	7.50	(0.50)	⬆	1.87	-0.50	8.00	8.00		100	
Retail Trade	6.56	(1.50)	⬇	-0.27	-1.16	7.72	8.46		31	69
Transportation and Warehousing	6.94	(1.59)	⬇	-1.01	-0.68	7.62	8.14		38	63
Unclassified Establishments	6.63	(2.34)	⬆	0.85	-1.28	7.91	8.86		25	75
Utilities	6.67	(1.86)	⬆	0.19	-1.08	7.75	8.72	7	26	67
Wholesale Trade	6.08	(2.11)	⬇	-1.36	-1.14	7.22	8.86	17	33	50

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The first column includes a list of all the industries sampled. The second column heading, Energy, is the average energy score for each industry. SD is the standard deviation of Energy and is listed in the second column. The smaller the SD, the more similar are the scores of the respondents from that industry.

The third column shows overall change from the last time we ran the Energy question. The associated arrow indicates whether the Energy score has increased, decreased, or remained stable. The color of the arrow represents the amount of change

The forth column, Zone, represents the area in the energy distribution where leaders are most productive. Energy scores that fall between the upper and lower productively boundaries are considered "in the zone" (research shows being in the zone positively predicts performance outcomes). Thumbs up is an indicator of being in the zone; blue and minus sign is below, and red and positive sign is above the productivity zones.

The fifth and sixth columns represent the lower and upper bounds of the productivity zone. ***Note that only the construction sector leaders reported operating within their productivity zone.***

Appendix C: Run the Leadership Team Pulse Study in Your Company

If you are currently not part of the Leadership Pulse study group, and you wish to participate (or sign up leaders within your organization), you can register at http://www.umbs.leadership.eepulse.com.

If any organization wants to run this study within their organization, contact us at: info@eepulse.com.

NEWS FROM THE LEADERSHIP PULSE

Leadership Team Pulse is a unique, no-cost opportunity for you to receive real-time benchmarking data for your management team. Any Leadership Pulse member can add up to 100 people from their leadership / management teams and receive reports for their group compared to their industry and the overall sample. What's in it for you?

On-line reports for your own management team which show your results and trend data (the group overall scores).

Your data compared to your industry (**real-time benchmarking**).

Individual participants from your management team will receive **personal reports** showing their own scores vs. their group score for the management team and their score vs. their industry score.

Access to **all technical reports and regional reports** as they start to become available (we will provide regional reports when we have enough organizations in a given region to warrant that reporting).

Web-based learning events and invitations to conferences and other networking events are also provided.

Invite other leaders in your network to join.
Tell them about the Leadership Team Pulse.

To learn more, go to: www.leadershippulse.com

To sign up or obtain more information about the Leadership Team Pulse, write to info@eepulse.com and ask for information about the leadership team pulse project.