The Leadership Pulse™ is conducted in partnership with The Center for Effective Organizations (CEO) at the Marshall School of Business (University of Southern California), eePulse, Inc., and the Conference Board.

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Leadership Pulse™ Research Results

From the War for Talent to the Battle for Future Heroes

The Story of the Recession's Neglected Warriors

and how to make sure they are not poached away

Research Study By:
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From the war for talent to the battle for future heroes

The war for talent, as it was practiced, did not really differentiate much between people. The rallying cry was focused primarily on the overall reduced supply of employees. During the recession, however, concern over lack of talent dissipated as firms conducted mass layoffs and unemployment rose to all-time highs. Supply went up, and the war for talent faded into the background.

Today, concern over the talent pipeline is changing. Our research suggests that an overall generic war for talent likely will not be the rallying cry post recession. Instead, a new battle will be waged for a select group of people that we call the neglected warriors of the recession. These people will be recruited away from their current employers and quickly transformed into heroes in their new organizations.

The difference between a neglected warrior and a hero is one thing: recognition. Heroes are recognized for their deeds. They are not necessarily the best employees, but they are the people who courageously entered into the battle for their organizations' wealth during the recession. The neglected warriors harnessed their internal energy to drive many initiatives forward; however, with all these good deeds came very little recognition from their current employer.

The neglected warriors

We found this subset of key employees through our employee engagement and energy research conducted via the Leadership Pulse[1] and in eePulse's client-based research. Neglected warriors are those employees who have a high sense of urgency, who are compelled to move forward, who have supported their companies through the rocky changes of the recession, and who today find themselves unrecognized and unappreciated for their efforts.

Neglected warriors are at high risk of being poached

These neglected warriors are not at high risk of voluntary turnover, but they are at risk of being poached away by the companies who know how to find them and who appreciate the type of talent they possess. Our research provides a methodology for finding these people in any organization, and the latest Leadership Pulse results are an example of that work. In these findings we share a glimpse of what the neglected warriors looks like.

[1] Learn more about the Leadership Pulse at www.leadershippulse.com.

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Valour Pulse™ tool used to diagnose risk of being poached

In the Winter, 2010 Leadership Pulse we used a model of employee engagement to understand the battle for future heroes. The Valour Pulse and associated interventions grew out of a large body of research involving thousands of firms and hundreds of thousands of employees that was conducted from 1996 to date. That research focused on high growth and high change organizations and the drivers of individual, team and firm performance.

The word "Valour" is defined as:

"Strength of mind and spirit that allows one to conquer danger with firmness."

Valour is an acronym that is used to describe the four major constructs in the Valour Pulse survey and research:

Val = value, that employees feel valued by their manager and peers
O = sense of ownership in the job and organization
U = sense of urgency
R = rewards, that they are fair and related to performance.

We started our research with a 200 question survey, and based on the validation and predictive studies linking the metrics to performance, we found that we could reduce the number of items to 15. The Valour Pulse is not an exercise in improving survey scores but in optimizing firm performance and the employee experience. In some cases, employee Valour Pulse scores should be lowered to improve firm performance, and in other cases scores should be improved.

The results of the data analysis used for the Valour Pulse plot the percentage of employees that fall into the four quadrants shown in Figure 1 below. The 2 x 2 matrix is a visualization of an underlying interaction effect between the questions that represent "Val-O-R" and those that cover sense of urgency "U." The interaction was found in research predicting performance outcomes over time, with control variables and adequately timelines to assure causal interpretation vs. only correlational work[2].

[2] Correlational research does not say anything about the causal direction of the work. It may be that high performance leads to higher survey scores vs. the scores driving performance. When longitudinal studies are done with adequate control variables, causation can be studied. Control variables allow the researcher to assure that other factors, such as job level, pay, gender, department, and more are not the underlying cause of the relationships found in the research.

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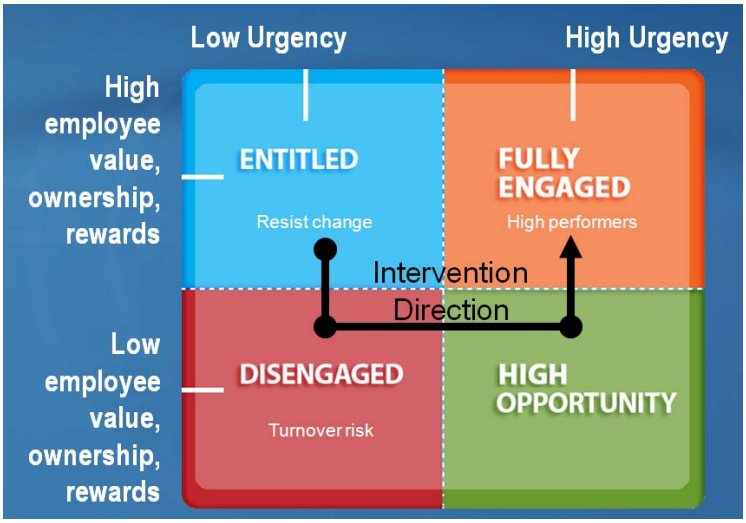
Figure 1: Valour 2 x 2 Matrix



Intervention path for Valour results

An interaction effect tells the story about the "conditions under which" improving scores is good and the "conditions under which" improving these scores can be bad for performance. The Valour results indicate that it is NOT always important to increase scores on all of the survey questions in order to improve performance. In fact, it is specifically critical that managers do NOT increase the value (Val), ownership (O) and rewards (R) scores of the entitled group because if they do so, the entitled group will become even more entitled.

Also, improving only the Val-O-R scores for the disengaged, without simultaneously increasing sense of urgency, can lead to these people moving from disengaged to entitled. This movement, also, is NOT going to positively impact firm performance.

That entitled group of employees negatively impact performance. In John Kotter's book titled Sense of Urgency, he talks about the impact of the "no-no's" on performance. The "no no" population is in the entitled quadrant. These are people who are resisting change because they are very comfortable where they are today.

The intervention that must happen with this group is to make them feel less valued and instill more urgency. The path for improvement usually has them moving into the lower left-hand red box, or the disengaged quadrant, as their sense of Val-O-R decreases. Once their sense of urgency has increased, they will move to the lower right hand or green box in the valour quadrant (titled high opportunity). In exchange for their effort and high urgency, these individuals should then be provided with more Val-O-R (value, ownership, and rewards), moving them into the top right orange box of fully engaged employees.

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Winter, 2010 Leadership Pulse survey results

The results for the 470 people who took the Winter, 2010 Leadership Pulse are in Figure 2 below:

Figure 2: Results for Leadership Pulse sample

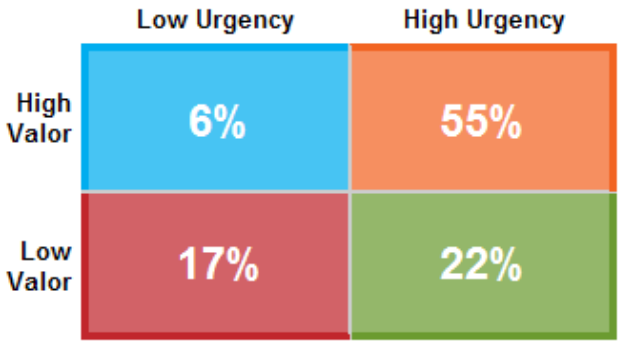

Figure 2 shows that 6% of the sample reported being in the entitled group; 55% are fully engaged (high performers via our research); 17% are in the disengaged quadrant or represent the percent of the population at risk of voluntarily leaving the organization, and 22% are the people at risk of being poached or recruited away by others. The 22% are the people who are neglected warriors.

Which group should be of most concern?

If the war for talent was waging, many employers may be tempted to focus first on the employees in the lower left red box in Figure 1 and 2 above. Those are the employees at high risk of voluntary turnover according to our research. People often get to this state as a result of burnout; they have worked hard for a long time and have become disengaged based on a number of factors, including lack of recognition, seeing people around them being rewarded for not working much, or other factors.

Sample comments from the disengaged group are provided below:

"I cannot learn within my current job; I am changing"

"We have just gone through a major downsizing. Many of us have a job but are not happy about the process or the results."

These are not the neglected warriors, and they are not the group of people for whom the battle for future heroes will be waged. These individuals are potentially important, but they are at less risk of being poached away because of their disengaged state which is, in most cases, obvious to the people around them (including colleagues who would potentially refer them to recruiters).

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Below are sample comments from the neglected warriors explaining their answers to the Valour Pulse survey.

"Mostly your faults are pointed out, hardly ever a good job is stated."

"While my organization talks about 'Pay for Performance,' the way that raises are distributed does not indicate that to be the case. Our review process forces everyone to the middle so no matter how much work you put in, how many mountains you move, how often you move above and beyond, you will get the same 1.5% raise everyone else gets"

"We tend to lose high performers because of lack of recognition"

"We rarely have time to comment on the good that the managers have done. We only focus on the things that have to be done next or were not done."

The neglected warriors are the employees who will be poached because they have no good reason to stay with their current organization. They are visible to others because they have a high sense of urgency; they have been on the front lines fighting to keep the organization moving forward in tough times.

Figure 3: Valour 2 x 2 with new labels reflecting the battle for the future

What about the fully engaged or the heroes?

You might be wondering about the top right box or the fully engaged employees (heroes). It's important to keep these heroes; however, they are less at risk of being successfully poached because they are reporting that they feel valued. These individuals have a high sense of ownership in their job and company, and they say they are fairly rewarded. These heroes are in a place that recognizes them for the sacrifices they have made. They are not forgotten; in fact, they are applauded (at least for now).

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Smart recruiters will not go after these people, and their friends will not recommend them to their headhunter colleagues. The highest risk employers face when it comes to their heroes is that these individuals, based on something that happens in the firm, no longer feel valued and move down to the neglected warrior quadrant. At that point, it is more likely they too can be poached away.

Where the Battle Begins

In Table 1 below you will find some insights about who the neglected warriors may be. We reviewed the leadership pulse data by subgroup, and we pulled out the demographics where the percentage of neglected warriors was relatively high.

Table 1: Leadership Pulse Results show the Percent of Neglected Warriors

Subgroup	**Percent who are neglected warriors**
Age group 36 to 40	40%
Firm size; 25,000 to 50,000	42%
Average or below average firm performance (reporting performance compared to similar size firms in their own industry)	25%
Functional area: Information technology	35%
Functional area: Marketing	36%
Industry: Health care and social services	27%
Industry: Information	29%
Industry: Retail trade	30%
Industry: Transportation and Warehousing	33%
Job level: Director	30%
Job level: Manager / supervisor	31%
Rate of change: 20% to 40% (on 0 to 100 point scale)	37%

As an employer, you should be aware that these groups of employees may be more likely to be poached. Conversely, if you are seeking new talent, these may be good potential new recruits.

Proactively waging the battle for heroes

Today, organizations have a choice. Leaders can sit by and watch as neglected warriors get poached away. While this is happening they may or may not be aware of the current state of employees, including voluntary turnover risk, the degree of entitlement setting in, and the extent to which currently fully engaged heroes are secure in their position or slowly moving backwards into the neglected warrior state.

The other option is to be proactive. In order to do this, leaders need HR metrics and process that allow them to diagnose these employee states, do something about them

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quickly, and then continue to diagnose and act. Given the current pace of change and the fact that it seems by all predictions that change will only increase, organizations that wait for annual employee surveys and respond to that type of data will be left behind. They will be waging the old war for talent, simply trying to find enough people or adequate supply to survive. .

Proactive organizations need to employ Fast HRM™ techniques[3]. These Fast HRM practices are new ways of doing HR work that speed up traditional processes, create more efficiency, proactively link in key stakeholders to improve relational capital, and help managers meet their needs.

Five Fast HRM steps to win the battle for future heroes

Below are the five steps you can take to be in a position of being the poacher vs. the poached. This overall methodology helps organizations work with employees by finding the pockets of neglected warriors and converting them before they go elsewhere for hero status.

Five Fast HRM Steps to Avoid Having your Neglected Warriors Poached

1. Run the Valour Pulse or similar diagnostic tool with managers. This is a relatively low-cost (time and money) way to start the process. If you can't run the Valour Pulse specifically, then find other ways to diagnose your manager population. We find that the state of managers, overall, is a good estimate of the profile of the entire organization. Using the process with only managers allows you to be faster in your response. Also, by starting with managers first, the leaders show by example how to take action. Learning by example is a superior form of management development.

2. Deliver results fast. Results must be delivered quickly. In our work, we provide on-line results within 24 hours of closing a Valour Pulse survey. Executive review meetings should take place within 3 days of the survey or other diagnostic work. We also suggest that the first level of actions be owned by the entire senior executive team vs. being delegated to subgroups (each VP has his/her own data). By sharing responsibility for action within the overall leadership team, executives demonstrate a united front in waging the battle. If leaders start to point fingers and blame each other, an organization risks moving these most senior executives into the neglected warrior ranks.

3. Reporting and Dialogue. First communications to all the managers who took part in the diagnostic process should be done within 5 days. With the Valour Pulse work, we provide all employees access to confidential personal reports. These data give them their own personal scores compared to overall sample scores. We find this to be an important trust building step. If personal reports are not provided, then some form of sharing early is key to success.

[3] You can request our paper on Fast HRM by writing to info@eepulse.com.

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Personal reports do not include the 2 x 2 matrix; they are question based. In general, we find that sharing the 2 x 2 matrix in Valour should not be done with the overall population. It is more effective to share question results only.

4. Action Taking. After meetings, managers need to engage in an action-taking process. Note that we use the words action taking; this is one more important component of our Fast HRM approach. The term action planning is more passive than needed, and it provides an excuse to keep planning vs. taking action. Being consistent with the Fast HRM approach, we use on-line action-taking tools that allow sharing of best practices, return on investment, and hierarchical review. In other words, joint accountability is built into the process.

   Continued Dialogue. The process does not end with one data and dialogue session. Proactive firms engage employees in monthly dialogues. The ongoing, monthly discussions are based on a monthly pulse dialogue process that asks managers 3 to 5 questions. Our clients use the Energy Pulse[4] set of questions monthly as it is a mini version of the valour survey (validated, predicts performance, used globally). Then every 6 months we suggest another valour pulse check. The on-line tools provide users with a transition matrix, allowing us to track movement from quadrant to quadrant over time. We can study the percent of people who moved from the disengaged to the engaged. This type of analysis is extremely powerful and has immediate useful implications for changes organizations need to make to keep their best and high potential people.

The five step process is just that, a process, not a one-time event. In many organizations, they move the manager-only intervention process out to other groups of employees. The extent of the intervention work is a function of the rate of change of the firm, and the risks of losing good people to either voluntary turnover, to an entitled state, to being poached, or to fully engaged employees moving from an engaged state to one of the three other quadrants in the valour pulse matrix.

While teams are working the data, more robust analysis can be done, linking the data to outcome measures, cutting data by various subgroups, searching for statistical significance and more. This work, however, does not have to be done before people start working on the data.

The real value of any type of employee survey process, in the end, is not the data. It is the dialogue that happens from the data. When you use data and dialogue to drive actions, then employees feel part of the solution. If action is taken without the dialogue, there is less return on investment, and in many cases, employees never even see the connection.

[4] See www.eepulse.com, research section, for papers on energy. Or write to info@eepulse.com and ask for papers or a demo.

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The Fast HRM process associated with the Valour tool is all about data and dialogue driven leadership. You can keep your heroes, convert your neglected warriors, and effective manage your disengaged and entitled by using the data and dialogue process.

PART 2: Valour pulse demographic analysis

In the next section, you will find more detail on various cuts of the valour data using the Leadership Pulse results.

Does age matter?

The data below tell a story that at least there are some interesting trends by age (see Figure 4 below).

Figure 4: Valour matrix results by age group

36-40	41-45	56-60
0% / 38% / 23% / 40%	3% / 47% / 20% / 30%	7% / 55% / 22% / 16%

In terms of risk of voluntary turnover (from the disengaged box, or lower left), there is not much difference by age. However, as noted earlier, the risks of being poached (people in the green boxes, or lower right) are higher for the two age groups ranging from 36 to 45 years.

The age group with highest engagement levels is 56 to 60 (55% in the orange box on the upper right). At the same time that group records the highest level of entitlement (7% in the blue box on the upper left).

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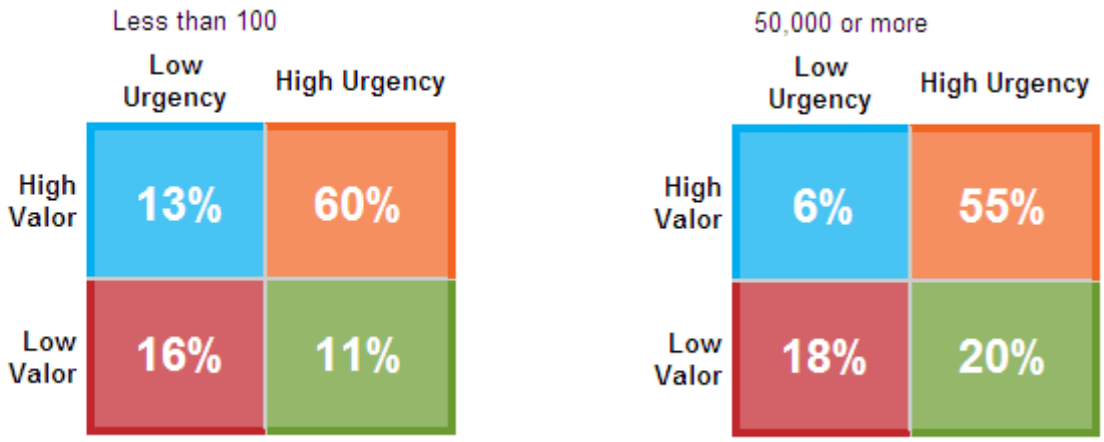
Company Size

Below is a comparison of the smallest sized group studied (based on number of employees) and the largest sized group.

Figure 5: Valour matrix by company size (number of employees)



The data are surprising in that the patterns are very similar. Taking another view of the data, the company size range with over 20% risk of turnover are below in Figure 6.

Figure 6: Valour matrix by company size

100- less than 500		1,000 – less than 2,500		2,500 - less than 5,000		10,000 - less than 25,000	
4%	43%	4%	59%	4%	48%	0%	59%
23%	30%	26%	11%	24%	24%	24%	18%

Rate of Change

Over the years, a key area of research for our team has been the effect of rate of change on performance. In fact, we have some new work coming out under the title of "CHANGE Change Management" suggesting that some of our more traditional models of change management may not be applicable to today's workforce.

The data from rate of change demonstrate why that may be the case. Below you will see the results for the lowest and highest rates of change reported in the data set. We ask participants to report the rate of change they are experiencing in their organizations using a 0 to 100 percent scale (0=no change at all, 100=radical, major change).

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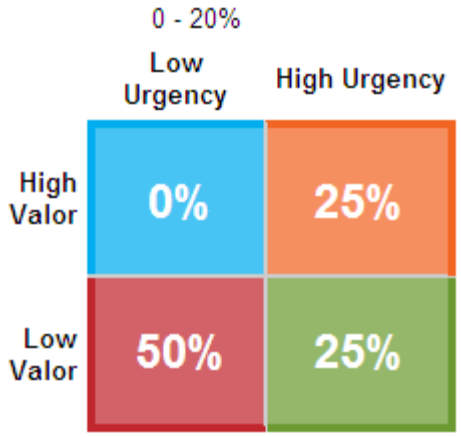
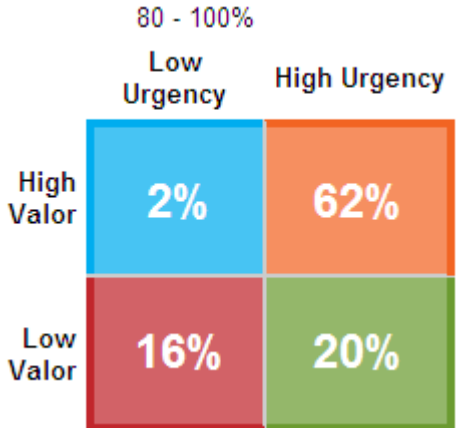
Figure 7: Lowest vs. highest rates of change in participants' employers





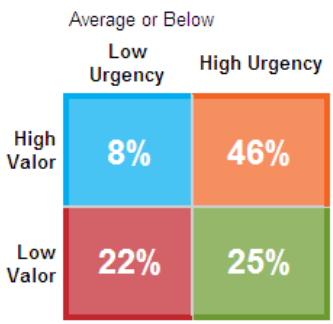
The data above show that the highest percent of engaged employees comes from the highest rate of change firms (from 80 to 100% rate of change). The highest percentage of voluntary turnover potential, however, comes from the lowest rate of change reported (0 to 20%).

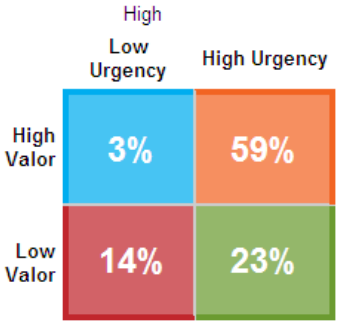
These data are very consistent with findings in a number of studies we are conducting within organizations. Employees report that they can thrive on change, given the right conditions.

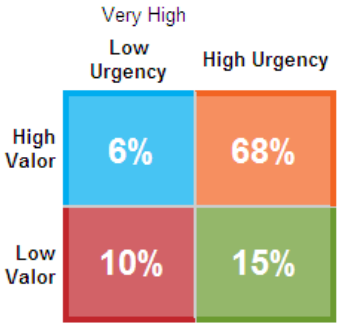
Financial Performance

We also cut the data by financial performance.

Figure 8: Valour matrix by financial performance category







The patterns for financial performance are interesting in that the percent in the fully engaged quadrant goes up as performance increases. The level of voluntary turnover risk or disengagement (red box on lower left) goes down as firm performance increases.

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The somewhat unexpected finding, however, is that the percentage of people in the entitled bucket has a u-shape trend. It goes from 8 to 3 to 6. Thus, at lower levels of performance you have the higher entitled percentage, and firm performance increases, entitlement goes up again, it starts to creep up at very high performance. This pattern is very consistent with eePulse's case study work. Keep in mind that the data we are viewing in this report are for higher level managers and leaders.

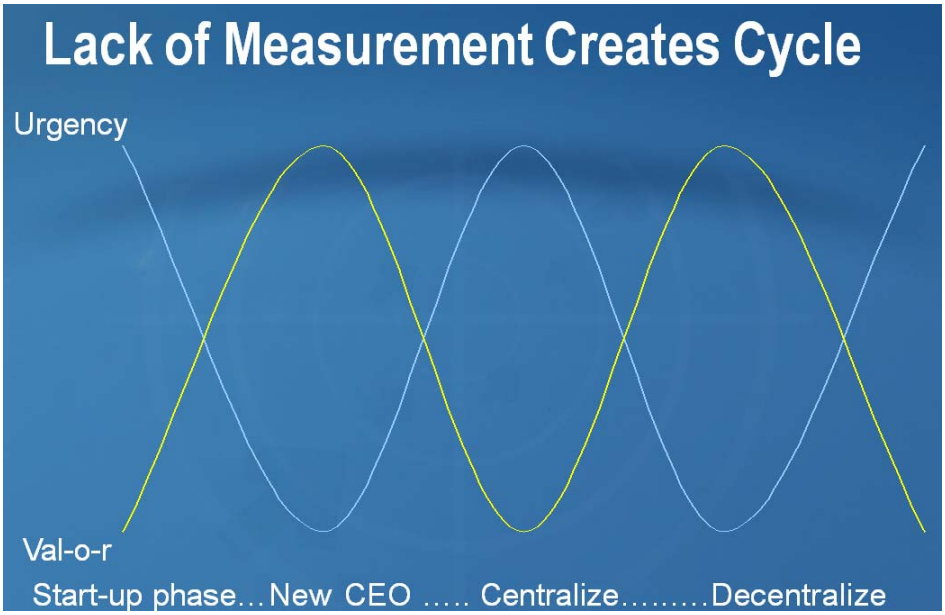
Why would the entitled percent go up at the highest performance level?

The answer here is actually quite simple. As firms perform better, they share more rewards with employees. As firm performance goes up, more people are usually hired. As more employees join the firm, employees obtain more status, power and resources, and they don't want to change and lose what they have.

Also, we find that leaders and managers do not have their eye on the entitled bucket. They only measure the "happy" part of engagement, thus, they often are congratulating themselves for creating a better place to work, without knowing that some of their actions are creating a situation that will lead to lower performance. This is why so many firms have regular cycles of urgency and Val-O-R (value, ownership, rewards).

Consider Figure 9 below.

Figure 9: The Val-O-R– urgency cycle



What we see in the company historical analyses is a continuous fluctuation of urgency vs. Val-O-R. High performance occurs when both Val-O-R and urgency are in balance,

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but most firms do not measure urgency, therefore, they are caught off guard by changes in the metric.

It was that very fact that urgency is important and not measured or trended that led us in the late 1990s to develop our metrics on employee energy. We found that employee energy was a measure of sense of urgency, and because it was so easy to measure and track, we could conduct more frequent measures of it without putting stress on the organization. We found that when asking energy questions, including the level of energy, issues impacting energy, and energy directional questions), with just a few short survey questions (3 to 5) we had a comprehensive view of the organization. Also, by getting data quickly to managers from short surveys, and teaching managers to have dialogues with employees about the data, we created an intervention that helped employees feel more valued, increased their sense of ownership, and gave them a better sense of rewards.

Summary of Learning

This report analyzed a variety of different points and new learning. We interpreted the Valour matrix differently and examined implications for the battle for the future, suggesting that the battle will not take place for the most engaged employees but for the high potentials or what we called the neglected warriors.

All of these ideas and new learning have as a core premise the concept of balance. Behind these ideas is the notion that sense of urgency (or moving forward with energy and momentum) needs to be balanced with traditional employee engagement (value, ownership and rewards) in order to drive success.

The concept of urgency is missing from most engagement and talent assessment work. And if urgency is not measured, most organizations will have an incomplete assessment of their employee population. As the economy improves, they may be applauding the level of engagement while their top talent is walking out the door.

Implications for workforce planning

Lastly, as we think about the war for talent and the battle for the future it comes apparent that organizations need to be more rigorous about the way they assess people. Simple surveys that show how happy employees are or the percent of engaged people are not likely to provide the type of sophisticated analysis needed to compete in the future.

As we build out tools like the valour reporting, we use this learning to hone in on improved models of workforce planning and management. We can merge the valour analysis with other key metrics and then prioritize the types of interventions needed to keep the right people in the right jobs to drive high change and high growth.

Appendix: 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.leadershippulse.com. If you are interested in running the Valour Pulse diagnostics within your organization or management team, contact us at: info@eepulse.com.

NEWS FROM THE LEADERSHIP PULSE

Leadership Team Pulse has both a paid membership and no-cost opportunity. For those who sign up for the Platinum paid membership, they work with their own data coach who helps them develop learning experiences for their team. They use the real-time benchmarking data to start interactive dialogues that drive learning. What's in it for you?

Real-time learning – Use data to spur shared learning within your team. The data (and benchmarking) provide opportunities for your team to focus on a given topic, learn from global best practices, and then work with the data to drive what we like to call "next practices" in your own team. If you choose the paid membership model, you will work with a professional data coach, who helps the team leader learn the art and science of engaging teams in learning with the data.

On-line reports for you and your team members – Team leads get on-line group reports (where all data are aggregated; no individual identity shared). Individual members also get their own personal reports. The personal report shows the respondent's personal score vs. the overall team mean and vs. the overall industry mean. Only personal comments show on a personal report. This allows individuals to come to learning sessions prepared by reviewing their own data, and it provides everyone a way to track his/her own scores over time (another learning opportunity).

You also receive your data compared to your industry (**real-time benchmarking**) in the free leadership team pulse. If you participate in the paid membership, you receive additional benchmarking.

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

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