

# Leadership Pulse™

## Total Rewards: Cash and Non-Cash Compensation



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*Preliminary Report*  
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# Leadership Pulse Introduction

- **Bi-Monthly Leadership Learning**
  - Over 4,000 executives around the world have participated in the Leadership Pulse Dialogue since it began in June, 2003
  - All individuals in the study receive Pulse Dialogues™ (our term for surveys) every two months and dialogue results in formats such as this high-level Power Point report. In addition we offer respondent on-line reports and longer technical reports that include statistical analysis.
- **Current Topics**
  - Measured current leader energy data and report on energy trends. In addition, we investigated leaders' perceptions of the importance of various cash and non-cash rewards.
- **Why do the study?**
  - Data and Dialogue drive learning; we are providing real-time learning to our stakeholders.

# Sample Characteristics

**Current sample size:** 304 respondents

**Job Levels:** 63.5% of the sample were executive level (C-core, VP, and Director) and 28.6% were non-executive leaders (Senior managers, managers, professionals in non-managerial positions). A small percentage (7.9%) did not provide job level data.

**Industry Sectors:** 17 industry sectors were represented, including: 11.0%, manufacturing, 11.0% health care, 12.0% retail trade, 13.0% services (not consulting), 23.0% government/not for-profits, and the remaining 30% came from a variety of other sectors.

**Company Size Distribution:**

“Less than 100” employees (36.2%)

“101-5,000” 30.3%.

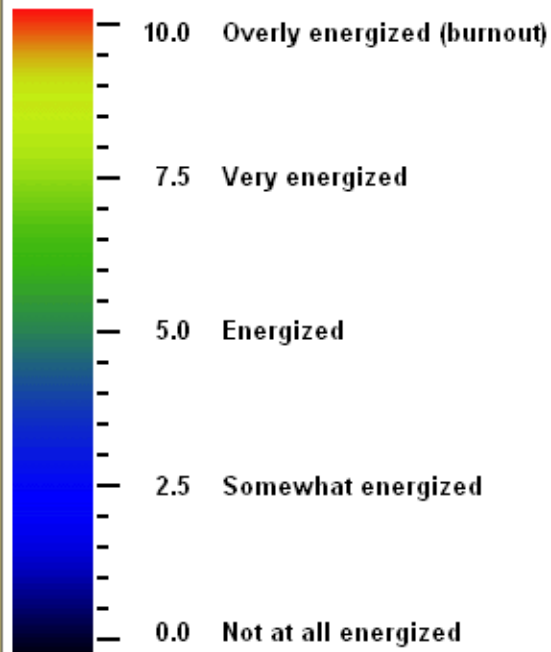
“More than 5,001” (22.7%)

Not reporting company size, 10.9% of the sample.

# Leader Energy – Current and Trends

# Energy Pulse™

Using the 0 to 10 scale below, rate the degree to which you feel energized by your work. Think of energy as the degree of motivation or internal drive you are experiencing at work. You can respond with any number on the scale, from 0 to 10 (it's ok to use decimals such as 5.5, 6.8, etc.).



## SECTION I: ENERGY PULSE

1. Using the scale on the left, please rate your overall Energy Pulse.

2. Using the scale on the left, how would you rate the Energy Pulse of others in your work group?

3. Please take time to tell us about factors affecting your work. What things are working well? If there are obstacles getting in your way, let us know. And, if you have suggestions for improvement, please pass on your ideas.

## SECTION II: PRODUCTIVITY QUESTION

4. Using the scale on the left, at what Energy Pulse level do you feel most productive?

As a reminder, we are tracking leadership energy – a proven and predictive metric (predicts performance at the firm, team and individual levels).

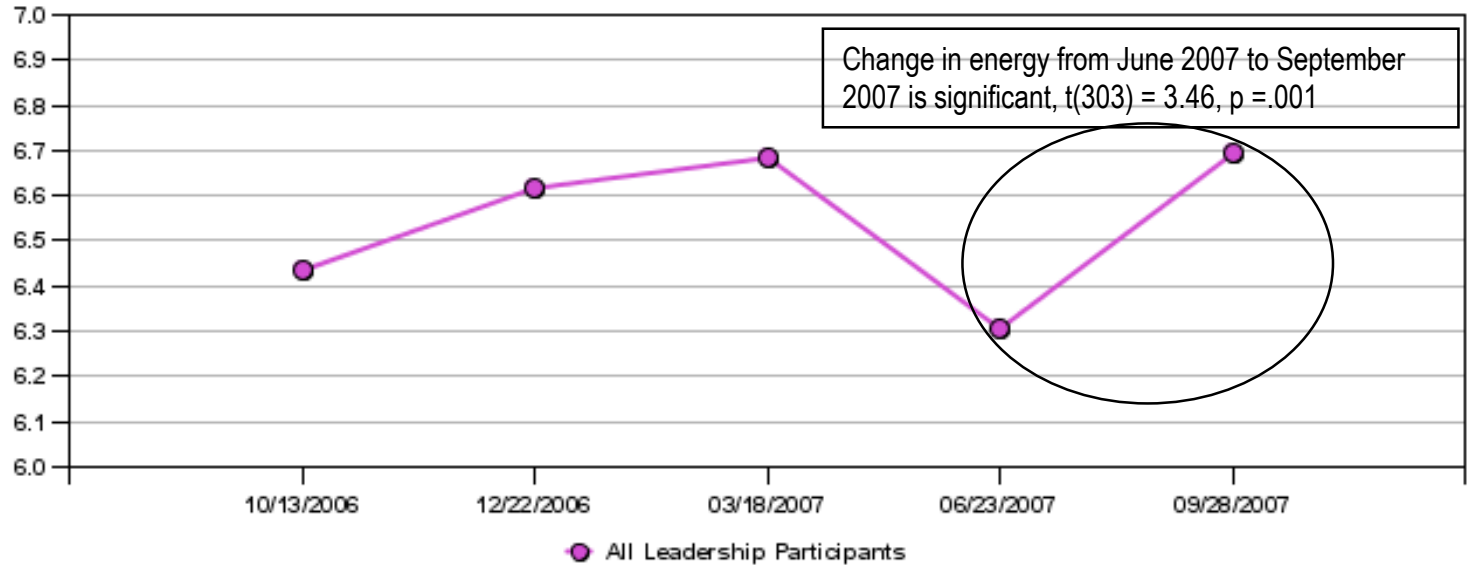
# Current Leader Energy

Response Scale	Percent
8.76 - 10.0 Overly energized	13%
6.26 - 8.75 Very energized	52%
3.75 - 6.25 Energized	26%
1.25 - 3.74 Somewhat energized	8%
0.0 - 1.24 Not energized	1%
Responses - # (%)	302 (1%)
Energy (SD)	6.72 (1.99)
Change	0.39
Within Person Change (#)	0.12 (99)

\*Within Person Change (WPC) reflects change for personnel answering two periods in a row

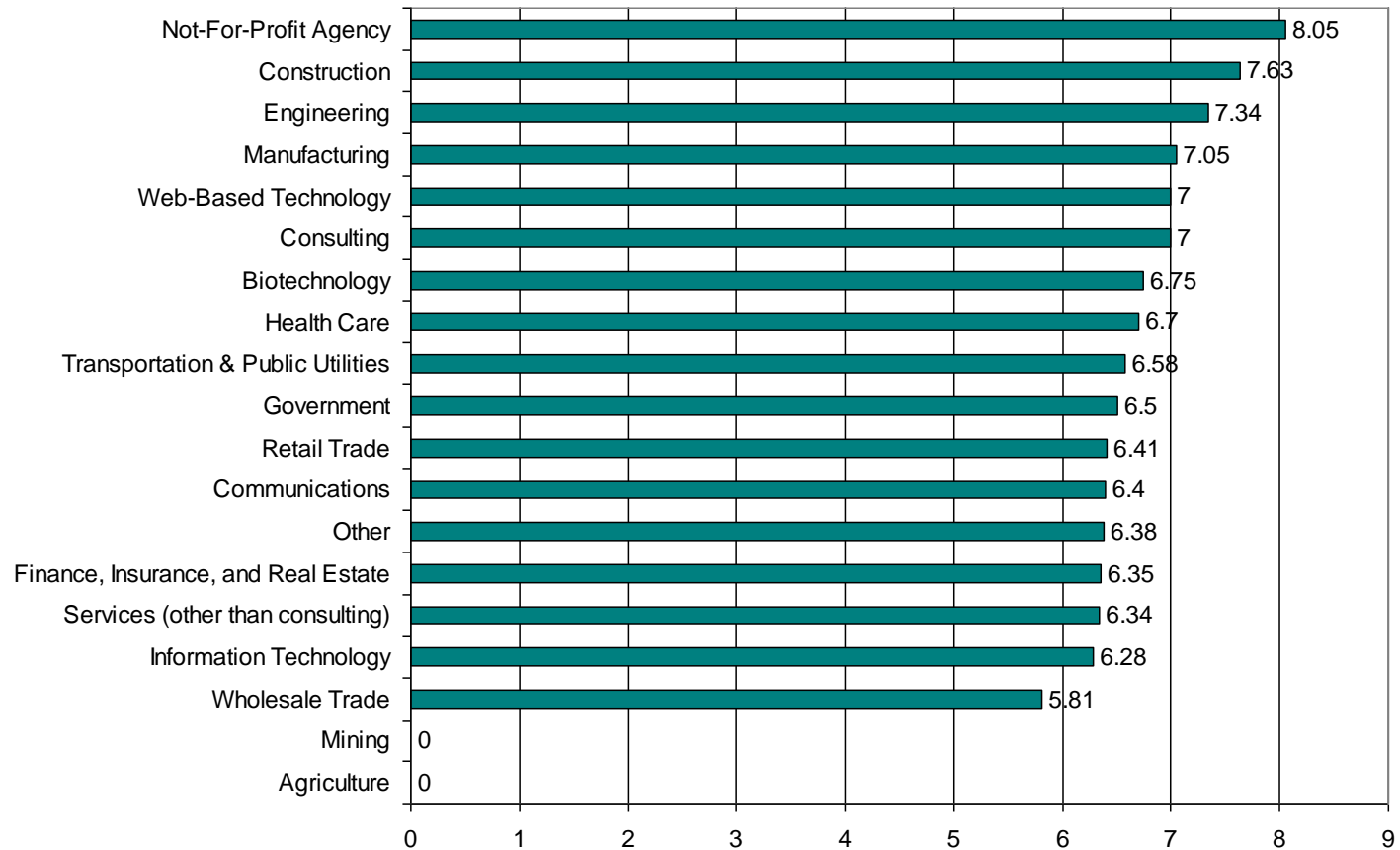
Note that within our sample, 22% of the respondents are reporting in what we call the “danger zones” (either overly energized to the point of potential burnout or not energized, reflecting apathy and/or low productivity).

# Energy Trend



Overall, leader energy levels are trending up from their low point in June, 2007. In addition, within person change, or the amount of change in energy of respondents who participated in this and the previous dialogue reveal an overall increase in leader energy. The increase is statistically significant.

# Leader Energy by Industry





# Productivity Zone Status

Group	Energy (SD) <sup>a</sup>		Change <sup>b,c</sup>		Zone <sup>d</sup>	P <sub>Low</sub> <sup>e</sup>	P <sub>High</sub> <sup>f</sup>	Energy (%)		
All Industries	6.72	(1.99)	↑	0.39	-1.02	7.74	8.69	9	26	65
Agriculture	NA		NA		NA	NA		NA		
Biotechnology	6.75	(0.35)	↑	2.25	-0.82	7.57	7.93	100		
Communications	6.40	(2.53)	↓	-0.24	-1.25	7.65	8.35	16	40	50
Construction	7.63	(0.48)	↑	2.33	-0.87	8.50	9.50	100		
Consulting	7.00	(1.95)	↑	0.50	-0.84	7.84	8.93	8	23	70
Engineering	7.34	(0.93)	↑	0.27	-0.42	7.76	8.69	13	87	
Finance, Insurance, and Real Estate	6.35	(1.76)	↑	0.35	-1.32	7.67	8.55	8	41	55
Government	6.50	(2.65)	↑	0.30	-1.28	7.78	8.55	17	33	50
Health Care	6.70	(1.82)	↑	0.44	-0.22	6.92	8.33	9	30	55
Information Technology	6.28	(1.97)	↑	0.30	-1.35	7.63	8.49	16	30	60
Manufacturing	7.05	(1.70)	↑	0.70	-0.87	7.92	8.76	4	27	69
Mining	NA		NA		NA	NA		NA		
Not-For-Profit Agency	8.05	(1.50)	↑	1.88	-0.29	8.34	8.83	13	88	
Other	6.38	(2.20)	↓	-0.11	-1.02	7.40	8.03	16	32	52
Retail Trade	6.41	(2.40)	↑	0.71	-0.91	7.32	8.18	18	27	55
Services (other than consulting)	6.34	(2.27)	↑	0.21	-1.53	7.87	9.16	13	26	61
Transportation and Public Utilities	6.58	(2.42)	↓	-0.46	-1.57	8.15	8.85	17	17	67
Web-based Technology	7.00	(2.17)	↑	0.92	-0.19	7.19	7.48	33		67
Wholesale Trade	5.81	(2.25)	↓	-0.49	-1.33	7.14	7.66	25	13	63

The closer to zero the better. A score of zero indicates that leaders' current energy is the same as the energy where they report being most productive. Scores greater (less) than one are of concern.

\* Change column arrows indicate magnitude and direction of energy change from last pulse

# Energy Comment Posed

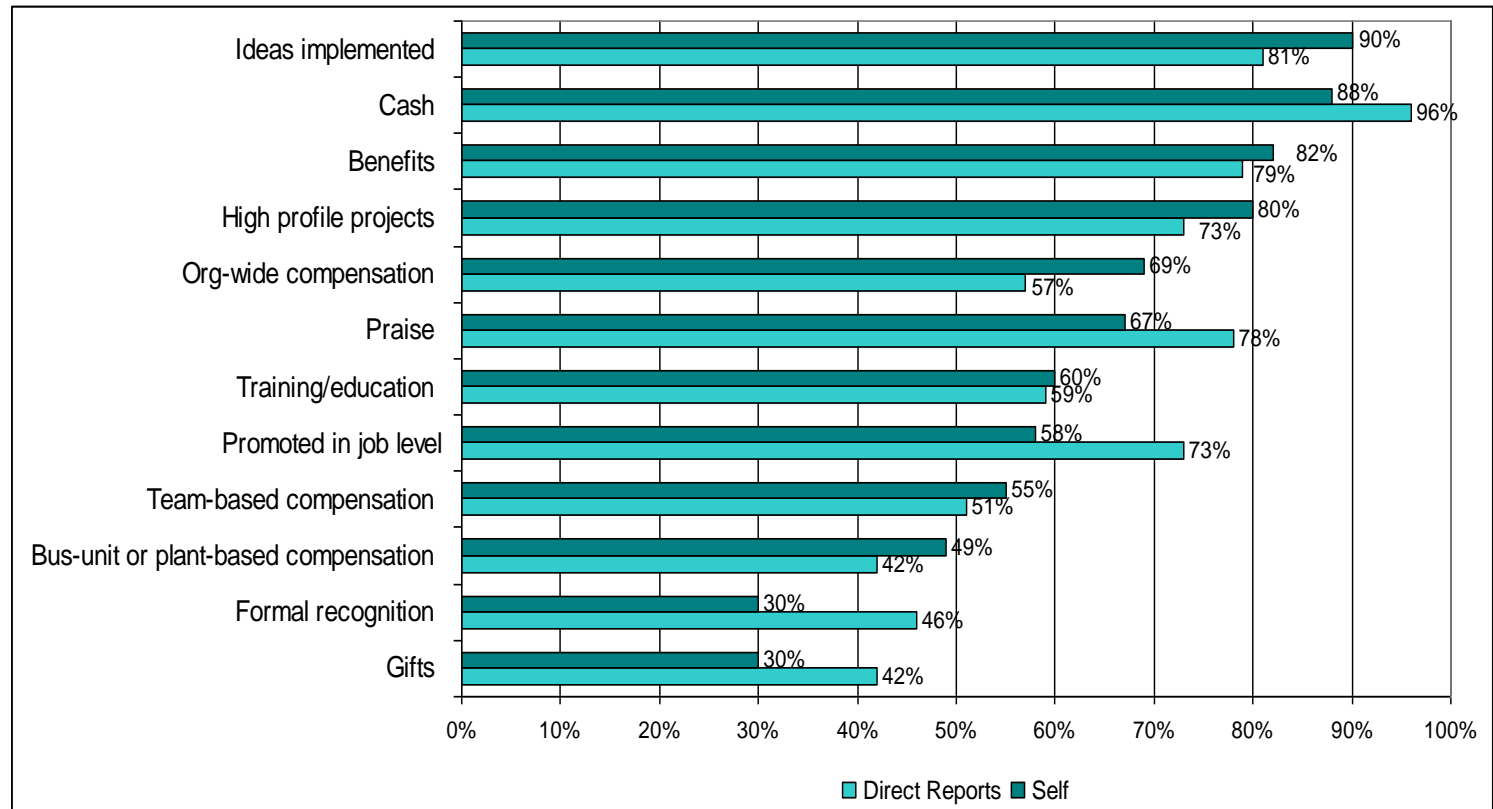
- **Leaders were asked:**
  - “Please take time to share with us the key events or issues that are affecting your energy at work. Also, if you have suggestions for countering any 'energy draining' events, let us know.”
- **Top 3 Energizers**
  - Interesting/challenging work
  - Teamwork
  - Recognition / compensated for meeting goals, timelines, deadlines, etc.
- **Top 3 De-energizers**
  - Workload (too much)
  - Constant change/initiatives (lack of direction)
  - Micro-management practices. Non-C-core leaders report not enough empowerment/decision-making authority to complete assignments.
- **Further detailed analysis of comment data will be available in the technical report and our webinars.**

# Cash and Non-Cash Compensation Results

# Rewards: What do they want?

- **We asked leaders to rate the importance of 5 forms of cash and 7 forms of non-cash compensation using two perspectives: importance to self and importance to those who report to them.**
- **The 5 forms of cash compensation were:**
  - Cash compensation (base pay, increases in base pay, bonus).
  - Team-based compensation (bonus or reward for achieving team goals)
  - Business-unit or plant-based compensation (gain sharing, site-level bonus or profit sharing system at the business unit level)
  - Organization-wide based compensation (profit sharing, stock plans, etc.). Importance to you personally:
  - Benefits programs that accrue as part of employment (health care, retirement, etc.)
- **The 7 forms of non-cash compensation were:**
  - Being given responsibility for high profile projects
  - Being promoted in job level
  - Having your ideas implemented by the organization
  - Training or education programs that are provided by your organization
  - Non-cash recognition in the form of praise from managers
  - Non-cash items in the form of formal recognition (awards, plaques, winning formal awards such as employee of the month, etc.
  - Non-cash compensation in the form of gifts that hold cash value and that you can personally use (trips, clothing, certificates, etc.).

# Compensation: Percentage rating factor high importance



# Compensation Gap: Difference between Importance to Self and Importance to Direct Reports

Negative gap scores reflect leaders' belief that the compensation factor is more important to direct report, while positive numbers reflect leaders' belief the factor is more important personally

Compensation Factor	Gap Percent
Org-wide based compensation	11%
Ideas implemented	9%
High profile projects	7%
Business-unit or plant-based compensation	7%
Team-based compensation	4%
Benefits	3%
Training/education	1%
Cash	-8%
Praise	-11%
Gifts	-12%
Promoted in job level	-15%
Formal recognition	-16%

Largest difference between importance to leaders (self) compared to direct reports

Largest difference in importance to direct reports compared to leaders

## What it means for 2008

- **Having your ideas implemented ranks as #1 for leaders and #2 for their employees.**
- **Topic for our webinar is “How to use this finding to craft a better rewards strategy that can be used to help harness employee energy and drive results.”**

## Next Steps

- **Technical report with details available soon**
- **Webinar to review results will be announced in our next newsletter**
- **Leaders Team Pulse participants: We will be reviewing your data with you individually**



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