

Leadership Confidence and Energy Report, 2016

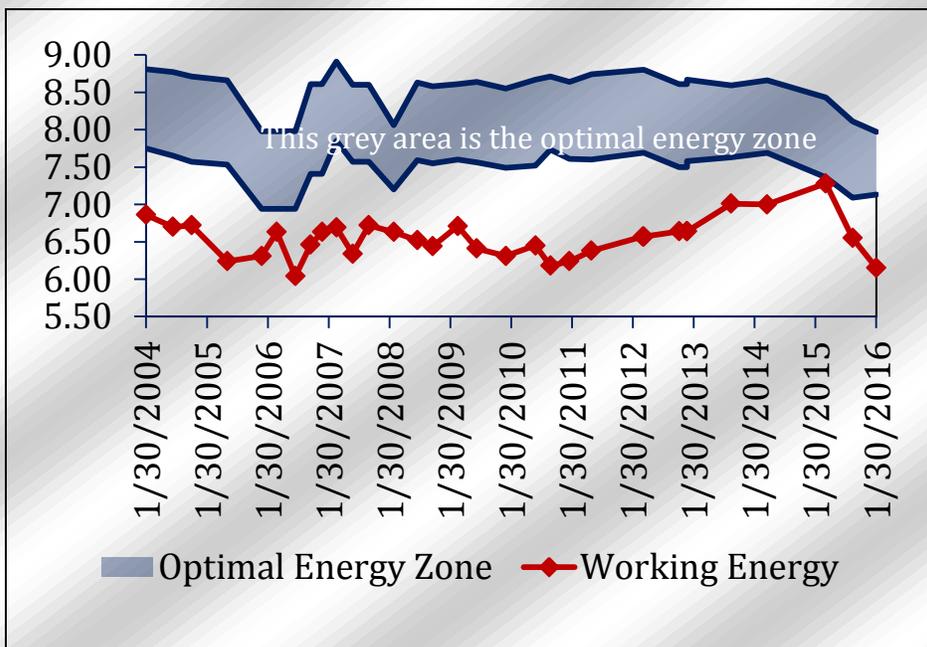
Over 433,000 data points have been collected by the Leadership Pulse research study since 2003

Overview

The Leadership Pulse began as an online research study in 2003 and initially focused on leadership confidence. In January of 2004, leader energy was added to the question set and has been a staple in the ongoing study ever since. The latest Leadership Pulse was a continuation of this focus, with both energy and leadership confidence questions. There were a total of 273 respondents to this Leadership Pulse, including 126 individuals who responded for the first time. There have been over 9,700 different individuals who have participated since the inception of the Leadership Pulse in 2003, with 3,500 participants in the last 5 years.

Energy

Leader energy is in decline after peaking in early 2015. Leaders rated their average energy at 6.15 on the Leadership Pulse energy optimization scale, a drop of over a point since early 2015. When we isolate the individuals that responded both times, the drop is almost identical, demonstrating that the drop is not due to an influx of low energy leaders, but is something we are seeing from the entire set of respondents. While using the same scale, these leaders rated the average optimal energy at 7.55, which is a drop of less than 0.35 points over the same time period.



73%

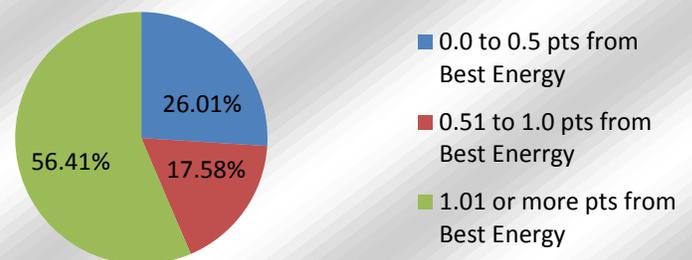
of leaders reported that they are working below their optimal energy

5 steps to becoming an “At Your Best” organization:

- 1. Personally become an energy leader*
 - 2. Teach managers to be energy directors*
 - 3. Provide employees with the learning to optimize and direct their energy at work*
 - 4. Redirect energy when needed--learn to be agile*
 - 5. Integrate energy management into your core metrics and business strategy*
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Going beyond group average data, we examine how individual leaders rate their working energy versus optimal energy, the results are equally as concerning. Just over 56% of leaders are more than a full point away from where they say they work at their best (optimal energy). These individuals are at a greater risk of underperforming at work because they lack the level of energy necessary to be at their best. Lack of being "in the zone" can result in a trickle-down effect that influences the performance of the entire organization. In comparison, only 26% of leaders reported that their working energy was within half a point of the level needed to be at their best.

Individual Points From Optimal Energy



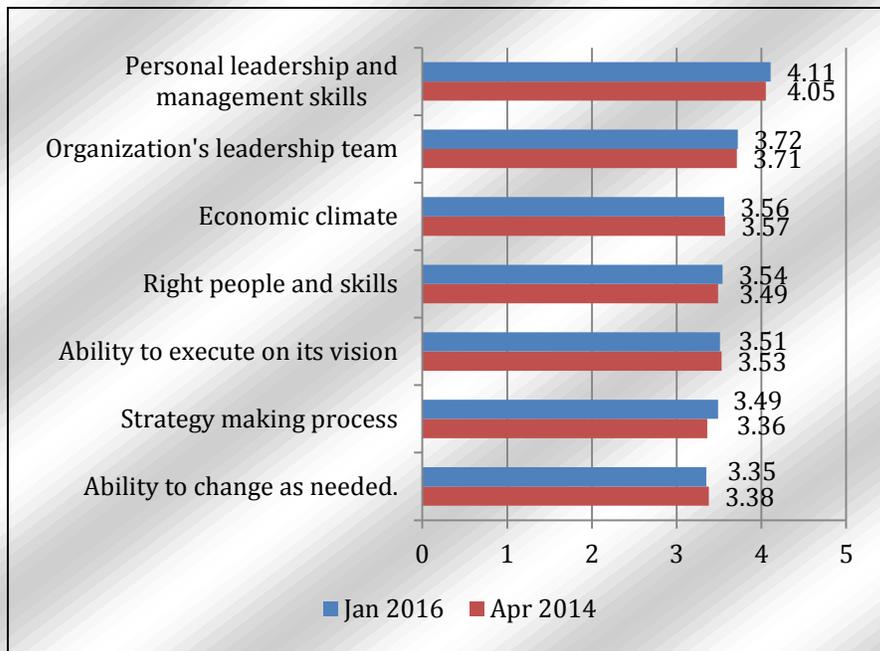
Breaking it down further, we looked at how the percentage of leaders at optimal energy level varies across organizations at different financial performance levels. We have consistently seen a direct relationship between leaders' optimal energy status and organizational financial performance. We continue to see this trend, as 14% of leaders from very high and high performing organizations rate themselves at their best. In comparison, just over 10% of leaders in average performing organizations rate themselves at the optimal energy levels. And for low and very low organizations, this drops to below 10% of their leaders in an optimal energy zone.

Leadership Confidence

While energy scores have been declining, the Leadership Confidence Index has remained constant with a score of 3.61 since June of 2010, except for a slight dip to 3.58 in April of 2014.

Even among the individual items that make up the Leadership Confidence index, there is very little change. The largest change from the slight decline in 2014 is a .13 point increase in how leaders rated the strategy making process.

Collecting over 6 years of nearly constant data is very surprising, especially when you factor in that only 13% of the current respondents were active participants in 2010.



Leadership Confidence Index consists of these 7 items rated on a 1 to 5 scale (5= Very Confident, 1= Not at all Confident):

Your organization's leadership team overall.

The economic climate for your organization.

That your organization has the right people and skills.

Your organization's ability to execute on its vision.

Your organization's ability to change as needed.

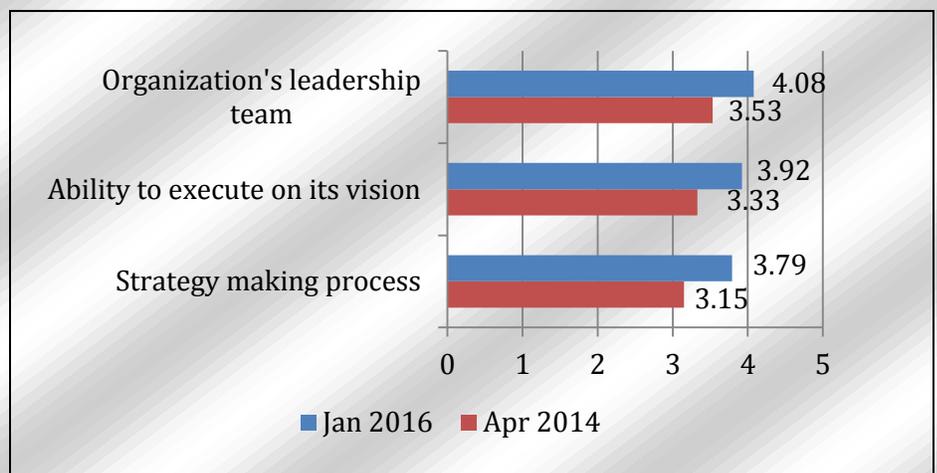
Your own personal leadership and management skills.

Your organization's strategy making process (the method your organization uses for creating your business strategy).

The “Humility Ratio” is measured as (Confidence in your leadership team overall / Confidence in your own leadership skills). This ratio is usually less than 1, as most individuals will rate their own leadership skills above those of their organizations leadership team. The notable exception was after the financial crisis of 2008 where this ratio was greater than 1. Despite the recent financial downturn, this ratio remains below 1.

We looked across demographic cuts which include industry, rate of organizational change, company size, financial performance, along with individual demographics such as age, gender, and race, to see where the most change was reported. The group with the largest single change in Leadership Confidence since April of 2014 is in medium sized companies, with 100 to 500 employees. This group reported a Leadership Confidence Index score of 3.91, up .44 from 2014.

When you look at which leadership confidence items are the primary drivers of this uncharacteristic increase, three items showed an increase of more than half a point. The organization’s strategy making process showed a 0.64 point increase. The ability to execute on its vision saw a 0.59 point increase. And the organization’s leadership team showed a 0.55 point increase. Taken together, these increases demonstrate improved direction for these medium sized companies.



Confidence and Energy: *As the rate of change escalates, and the consequences of actions are less easy to predict, leadership changes. Rules from years ago do not work today; leaders have to create new solutions, and they often are wrong. Helping leaders stay energized and maintain a high level of confidence, with a tinge of humility, helps drive higher performance. Confidence in the team, confidence in being able to change and confidence in not predicting the future but being able to cope with it, are all tied to high performance.*