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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 December, 2007 Pulse Dialogue™

Cash may not be "king:" A study of cash and non-cash rewards

February, 2008

Research Study By:
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Executive Summary

We are well into 2008 and continually hearing the word "recession" in the news. As such, we are faced with multiple business challenges, and one of the most important of these is keeping the best talent and motivating them to engage in the kind of behaviors that lead to business success – recession or not! That's why the study we conducted with the Leadership Pulse population in the last month of 2007 tapped into a topic we hoped would help all of you further refine your talent management strategies in 2008. We examined 12 different types of rewards systems; some that cost money and that will cut into your revenue, and others that cost nothing but time. And believe it or not, at the top of the importance list arises something you may not have even considered a reward in the past.

The new entry to the world of important rewards is "having my ideas implemented." This is an interesting challenge for leaders because we all know – not every idea is a good one. The work we need to do then, to take advantage of the power of this reward, is to carefully select a few ideas and create a process by which the idea and its implementation is "owned" by as many people as possible. In this report you will find details about the findings, and throughout we provide ideas about how to make the most out of your rewards strategy in 2008. Some highlights from the data:

- Trend data revealed that leader energy is at its highest level in more than a year and several industries show substantial energy gains. Yet, not one of the 17 industries report "in zone" energy scores or where, as a group, they say they are most productive.

- Cash and benefit factors were ranked in the top three most important factors by leaders for themselves as well as for their direct reports. However, the non-cash compensation factor "implementing my ideas" was ranked number one for the leaders themselves and number two for their direct reports.

- We are seeing some major perception gaps in the rewards data. What leaders "think" their direct reports value may not really be what's important to them at all. This can have significant implications for the effectiveness of rewards programs. Thus, in this report we look at the rewards distortion effect.

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**, showing 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.

New strategic partner: The Conference Board
Starting January, 2008 we are partnering with The Conference Board to expand the reach of the Leadership Pulse and the Leadership Team Pulse. The Conference Board is adding their Council members to the sample. As the sample continues to grow, the real-time benchmark data and learning you all receive will be greatly improved.

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

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When Cash May Not Be King: A Study of Rewards

As we struggle to find the right mix of rewards for our key talent, particularly amid what seems to be tough economic conditions, the results of this leadership pulse inform the participants by sharing data about the relative importance of twelve different types of rewards. Through this study we found two interesting insights. The first is that cash is important, but it's not always #1. We also found that executives may have a misunderstanding of how important various rewards are to the people who report to them.

These two facts lead to some important insights. Organizations may not be using all the rewards available to them in the most optimal ways. Also, executives may be making incorrect attributions about their direct reports, and if they are acting upon those impressions, they may be reducing the effectiveness of their rewards.

The factors included in the December, 2007 study were derived from several sources. First, we included items that have been studied by other researchers interested in the area of total rewards. Second, we used variables that were part of my earlier research on team incentives and gainsharing. Several years ago I conducted a large-scale research project examining the effect of gainsharing and team-based pay on employee performance. We learned then that in traditional, unionized environments as well as in high technology firms and service industries that many of the non-cash forms of rewards examined were as or more important than cash. Given those early findings with large, employee populations, our goal was to expand that work to the leadership sample.

Rewards Factors

On the next page you will find a list of the reward factors that we studied in the December, 2007 project. In the survey that was sent to the leadership pulse population, we asked two questions per rewards factor. First, we asked participants to rate the degree to which each item was important to them personally. They used a 100-point scale (0 to 100 points) to rate the importance level. The low end of the scale (0) meant that the factor had no value or importance to the individual while 100 translated to being extremely important. In addition to asking about the importance of each factor to the individual participant, we also asked how important they thought the factor was to the people who report to them.

The 5 forms of cash compensation rated are:

- 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.).
- Benefits programs that accrue as part of employment (health care, retirement, etc.)

➢ The 7 forms of non-cash compensation rated are:

  - 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.).

On the next page you will find the importance rankings of all cash and non-cash reward factors from the two perspectives of self (leaders) and leader's direct reports.

Figure 1. Rewards average scores (Importance to "me")

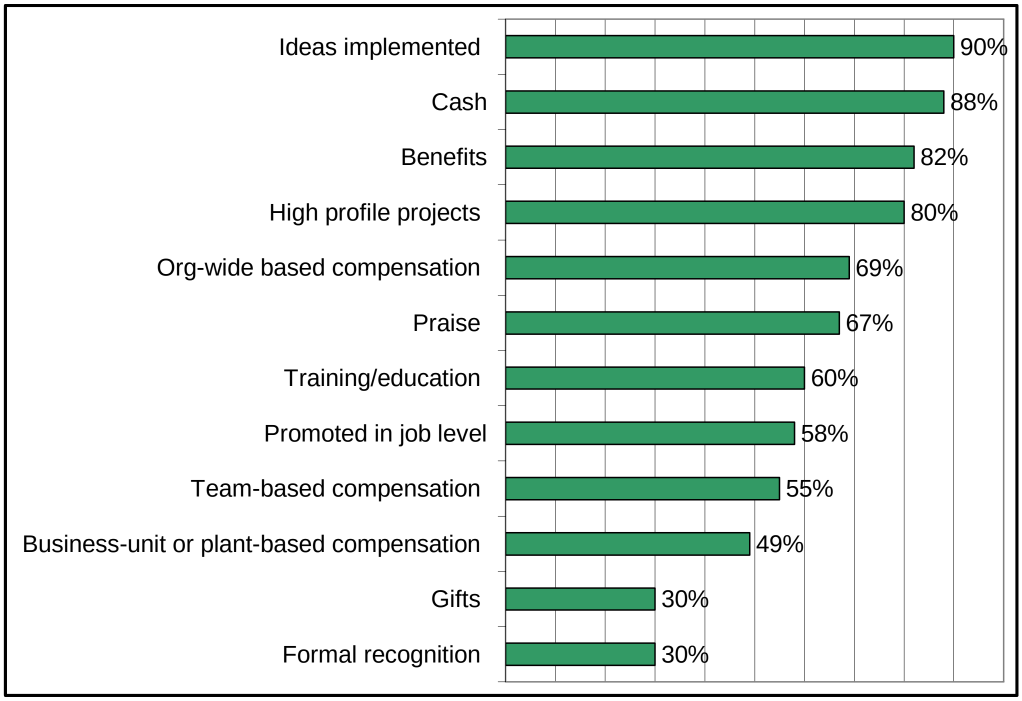
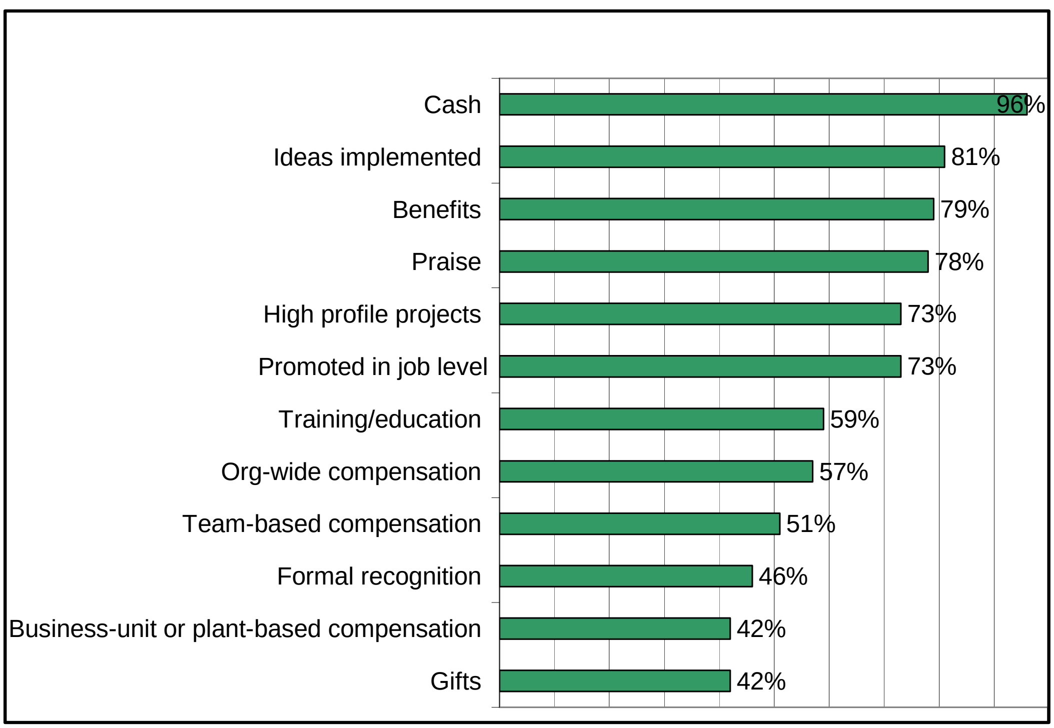


Figure 2. Reward average scores (Importance to direct reports)

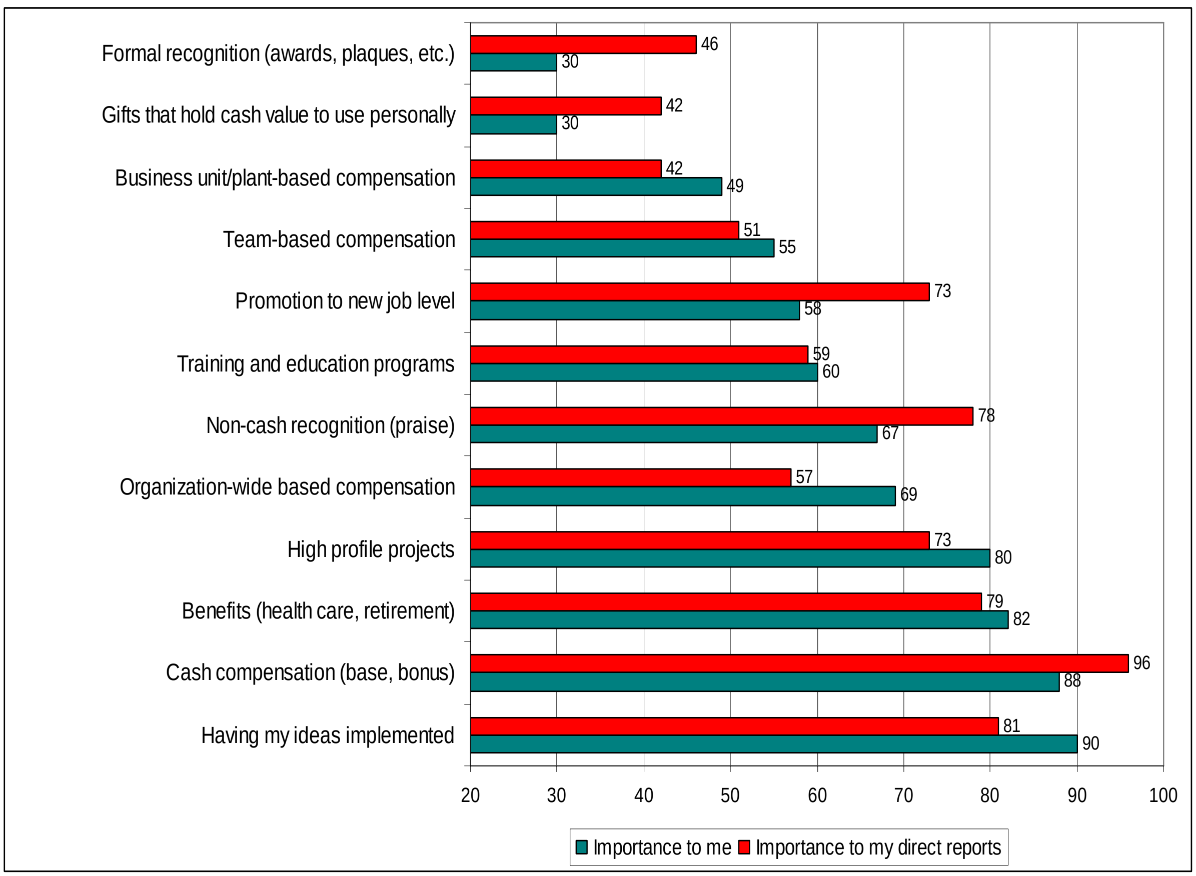


The compensation factor rankings reveal that the non-cash compensation factor, "*implementing my ideas*" is considered #1 by leaders for them personally and #2 when rating how important they think it is for their employees. Thus, idea implementation presents a potentially high-impact way to motivate employees.

We conducted supplemental analysis on the "having my ideas implemented" answer, and we found some statistically significant subgroup differences when we ran a series of ANOVAs (analysis of variance). The results indicate that people in smaller and mid-size organizations (up to 5,000 employees), who are in firms going through a high level of change place more value on having ideas implemented. Also, managers and VPs place far more value on having their ideas implemented than do the C-core group (CEO, CIO, etc.) participants. One might guess that this is because the C-level job holders have an easier time getting their ideas implemented, thus, the value as a reward may be less. The question this brings up is whether, then, the C-level group understands how important a non-cash reward such as having ideas implemented can be to the people who report to them. We examine this issue next.

In the following set of bar charts, you can more easily see the rankings of scores for the rewards importance to "me" vs. importance to "my direct reports."

Figure 3: Comparison of importance to "me" vs. "my direct reports" (sorted low to high on importance to me personally).



The Rewards Distortion Effect

For the following rewards (using Figure 3 data), respondents think these are more important to their direct reports than they are to themselves (red bar is longer than teal bar):

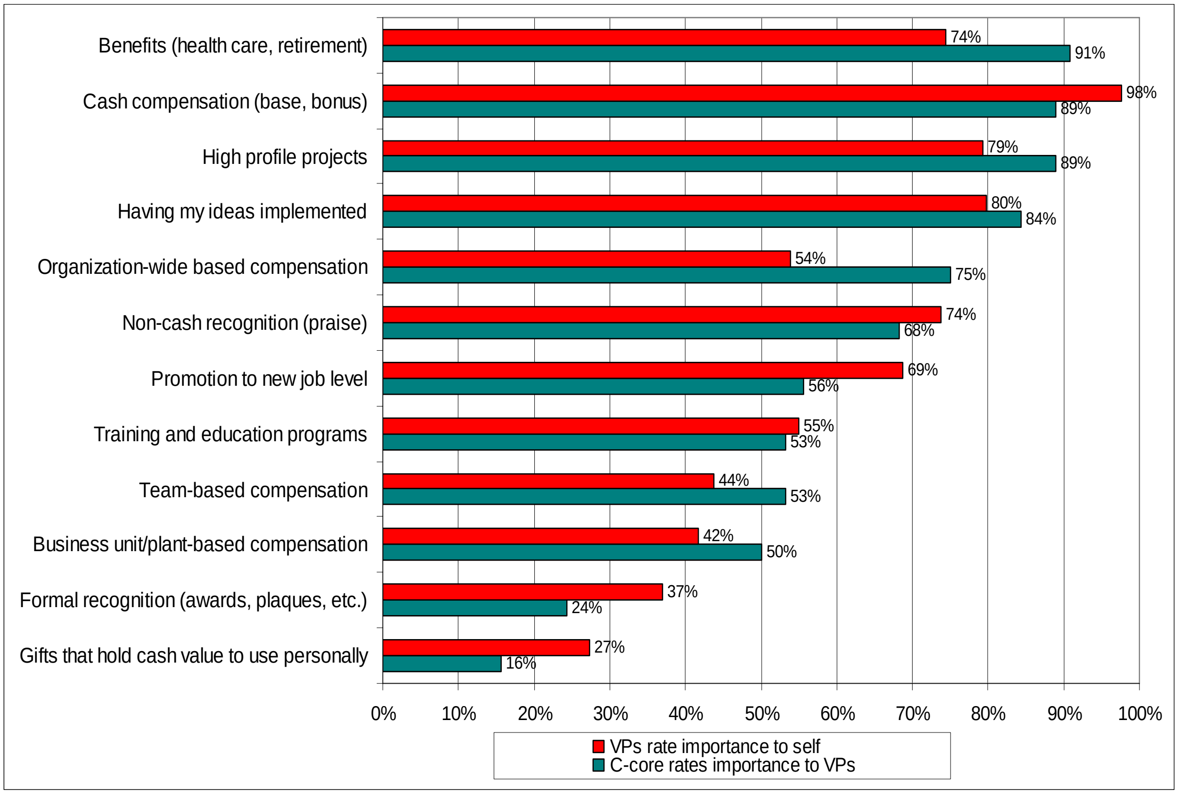
Formal recognition
Gifts
Promotion
Non-cash recognition
Cash compensation

For the next set of rewards, respondents think that these are more important to them personally than they are to their direct reports:

Business unit compensation
Team compensation
Training and education programs
Organization-wide incentives
High profile projects
Benefits
Having my ideas implemented

In order to examine these discrepancies a bit more, we conducted a few follow-up analyses. In the next chart (Figure 4) we looked at the scores that C-level executives gave for the importance to their direct reports. If we assume that VP level executives report to C-level executives, then examining what the VP level respondents say in our sample would give us a glimpse at the accuracy of the C-level estimates of importance that their direct reports really place on the various rewards (keep in mind that this is an imperfect comparison as we do not have matched pairs of CEOs and VPs for this analysis).

Figure 4: CEOs rate direct reports vs. VP actual scores



All of these "views" of the data seem to lead to what I will label a distortion effect when it comes to rewards. C-level executives seem to have distorted views of what their direct reports value. This implications for this type of distortion effect can be understand by using a number of different lenses, but in particular, attribution theory is one that is particularly interesting for our purposes.

Scientists study the attributions people make to events (the reasons they think things happen). Although I will not go into a long discussion of this theory, the important point to understand from this work is that people (C-level executives in our particular example) make decisions based on their attributions. So, in our case, if the executives at the top think the people who report to them are motivated by rewards such as "promotions" more than cash, they will act on those ideas. The acting out of inaccurate information can be leading to less optimal reward strategies, lower motivation, and perhaps less productivity than desired.

In order to examine the distortion factor a bit more, we did further analysis on the rewards data. First, we applied exploratory factor analysis to the questions so that we could start looking at scales (or indexes) rather than the individual questions. The results of the factor analysis yielded three distinct factors. They are:

Factor #1: Non-cash rewards

- Non-cash items in the form of formal recognition (awards, plaques, winning formal awards such as employee of the month, etc.).
- Non-cash recognition in the form of praise from manager(s), the leadership team, clients and/or peers.
- Non-cash compensation in the form of gifts that hold cash value and that you can personally use (trips, clothing, certifications, etc.)
- Training or education programs that are provided by your organization.

Factor #2: Core rewards

- Having your ideas implemented by the organization
- Being given responsibility for high profile projects
- Benefit programs that accrue as part of employment (health care, retirement, etc.)
- Cash compensation (base pay, increases in base pay, bonus)
- Being promoted in job level.

Factor #3: Group-based incentives

- Business unit or plant-based compensation (gainsharing, site-level bonus or profit sharing system at the business unit level).
- Organization-wide based compensation (profit sharing, stock plans, etc.).
- Team-based compensation (bonus or rewards for achieving team goals).

Note that the groupings came from the statistical analysis used (factor analysis), and the labels are just my way of making sense of the groupings. Examining the mean scores on the three factors, the biggest gap between the self report score (importance to me) and the importance to my direct reports is for the non-cash rewards. The gap is 7 points, with the score for importance to me being an average of 52 and for my direct reports 59. The core factor average scores were 74 for “me” and 75 for “my direct reports,” and the scores for group rewards were 58 for me and 54 for direct reports.

We were interested in what demographic factors led to wider distortion effects (gaps between me and direct report scores). Therefore, we ran a series of ANOVAs to examine where statistical differences lie. A few observations can be discussed from that data. First, most of the statistically significant subgroup differences are focused on the core rewards factor. Below are the results:

Table 1: Gap scores for core rewards factor using demographic cuts (Importance to "me" – Importance to my direct reports). Only statistically significant differences reported (using ANOVA).

Company Size	Gap Score
Less than 100 employees	-5
101 to 5,000 employees	0.7
5,001 and above	0.65
Functional Area	
HRM	2
General management	-6
Job Level	
Senior management	6
Director	2
VP	-1
C-core	-7
Rate of change	
Low or average rate of change	-3
Very high level of rate of change	2

The results of the gap analysis fit with what we would expect. Smaller firms have greater gaps, likely due to the fact that they have less access to market data, are less likely to have a full-time HR executive who would obtain that type of data, and thus, they are making attributions based on limited information. This is borne out in the functional area findings where HR has a smaller gap than does general management; they are likely closer to the sources (talking to employees during recruiting and exit interviews), have access to market data, etc.

The interesting gap is the job level data. As one goes up in the hierarchy, the gap goes from large and positive (meaning at lower levels they think the factors are more important to them than to their direct reports) to small then to large and negative in the C-suite (negative meaning C-level executives say the core rewards are more important to their direct reports than they are to them personally).

There is one more statistically significant difference for job level, and that is for the non-cash rewards factor. At all levels, starting with senior management, the gap is negative. It goes from -5.0 for senior management to -7.0 for directors, to -9 for VPs and then to -10 for the C-suite executives. Thus, in all cases, management thinks that the non-cash factors are more important to their direct reports than they are to themselves, and the gap gets bigger as job level increases.

If the gaps between my score and what others think are “real,” in other words, if we had evidence that the attributions we make about the value of rewards to others are accurate, then there would be no cause for concern. But what the earlier analysis of the VP vs. C-level data shows (although these are not exact matched pairs in our data analysis) is that the attributions may not be correct; or at least that C-level executives are mistaken when it comes to their thinking about what rewards are important. And because C-level executives are indeed approving budgets, allocating rewards, and making important choices, then they may not be making the best decisions when it comes to rewards.

Once again, I come back to the value of research. Learning from your own employees is key to not only understanding the business environment (because employees are out there in the trenches, reaching out to customers, delivering product, etc.), but also how to allocate internal resources. The key to success in data collection is getting data from the right people at the right time and for the right purpose.

Consider what we learned about the importance of idea implementation. If we had not done research by adding this factor, we never would have know how important it is to employees in the study. Thus, research with employees is an important aspect for making decisions that result in optimal use of resources (in our case, rewards).

Rewards Study Conclusions

When I put all of this data together, two key conclusions arise. The first is that after many years of studying compensation and rewards there is still much to learn. The facts that having ideas implemented ranked so high in the overall scoring, and that the item (when the factor analysis was done) grouped with things such as cash and benefits (making it a core reward) mean that there are aspects of rewards that we do not understand as well as we should. I don’t know of many organizations that are using “idea implementation” to the extent they could, as a reward, to motivate and retain people. The history of compensation shows that idea systems, when blended with rewards, can be power tools. Consider the high impact of many gainsharing programs. Nucor Steel is a well known example of a company that completely turned around its business by tying idea implementation, at the group level, with a plant-wide bonus system. Although gainsharing is an idea that seems to be unpopular today, maybe there is much to be learned by going back to these systems and studying how ideas were implemented at a group level.

Traditional idea management systems (where one person obtains a bonus because one idea is implemented) would not have the high impact that a group-based system would have because only one person would receive the benefit. I am experimenting today with rewards systems based on team action planning, integrated with employee surveys. As we learn from this work, there may be more to recommend in terms of a team-based approach to ideas and rewards.

The second key finding is the C-level (and likely beyond) distortion effect we saw in the data. This particular finding speaks to the need for employee research and having ongoing data on what employees really value so that rewards systems can be optimally designed.

Given the current economic conditions we all face (pending recession or "in" recession), getting the most out of your compensation system is critical for retention of top talent and motivating the kind of behaviors that drive performance. Keeping tabs on what employees value via solid research with employees is key for knowing how to optimize any rewards system.

The second part of the Leadership Pulse study continued to trend energy. If you are new to the study, there is a host of articles on energy measurement on the eePulse web site (www.eepulse.com). The short version of the story is that we track energy because it is a validated metric that we found (with over 1 million data points from employees all over the world) predicts individual, team and organizational performance. When energy is measured at the individual level it predicts outcomes such as turnover, customer service scores, quality scores, patient satisfaction, 360 degree performance outcomes and more. When we examined high vs. low energy cultures at the firm level, we found the variable accounted for change in stock price, earnings and firm survival. Thus, energy, even though measured as one simple question, is an important predictive variable. Even more important, within organizations we find that leader energy predicts employee energy, so tapping into leader energy trends gives us a sense of organizational health.

Energy Pulse™ Results

The current results for the overall leader sample shown below reveal that 78% of leaders report in either the *"Very energized"* or *"Energized"* categories.

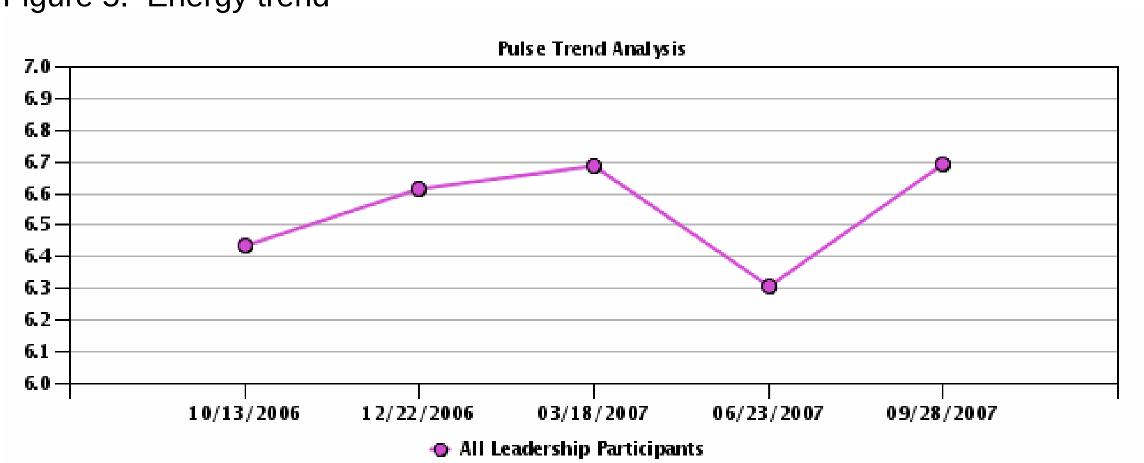
Table 2. Energy level categories by percentages

Question Details		
Overall, how would you rate your current energy level at work? (Enter a number from 0 to 10 using the Energy Pulse scale on left.)		
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%

The percentages circled in red highlight that 22% of the respondents are reporting in what we call the "danger zones" The danger zone designation is given to those who report being overly energized to the point of potential burnout as well as those within the somewhat or not energized categories, which can indicate potential apathy, turnover and/or low productivity. Keep in mind that leader energy predicts and influences follower energy, therefore, low leader energy can cascade downward having a multiplicative effect on followers. The 22% who fell into the "danger zones" reflects an increase of 2% from the last Pulse Dialogue in June 2007.

Figure six below reveals energy trend data for the past 5 pulse dialogues. ***The trend data reveals that leader energy is at its highest point in the past year.*** The increase in energy reflects a 0.4 point increase and is a statistically significant increase when tested against the June 2007 sample.

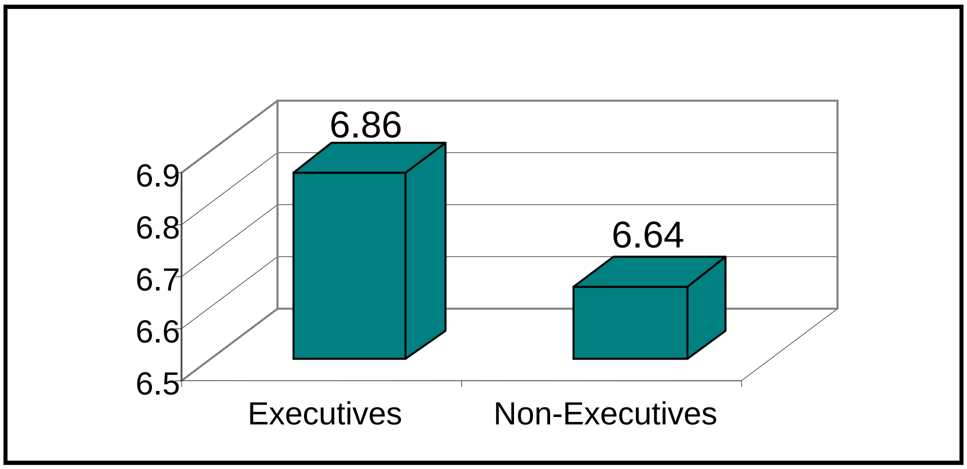
Figure 5. Energy trend



These results indicate while leader energy has reached its highest point in the past year, there has also been an overall increase in those leaders who report energy levels that fall in the danger zones. Thus, although the number is going up, it is not necessarily a positive sign (remember, energy is an optimization scale; we examine trend data and where energy is compared to where respondents say they are most productive; being too low or too high are both negative).

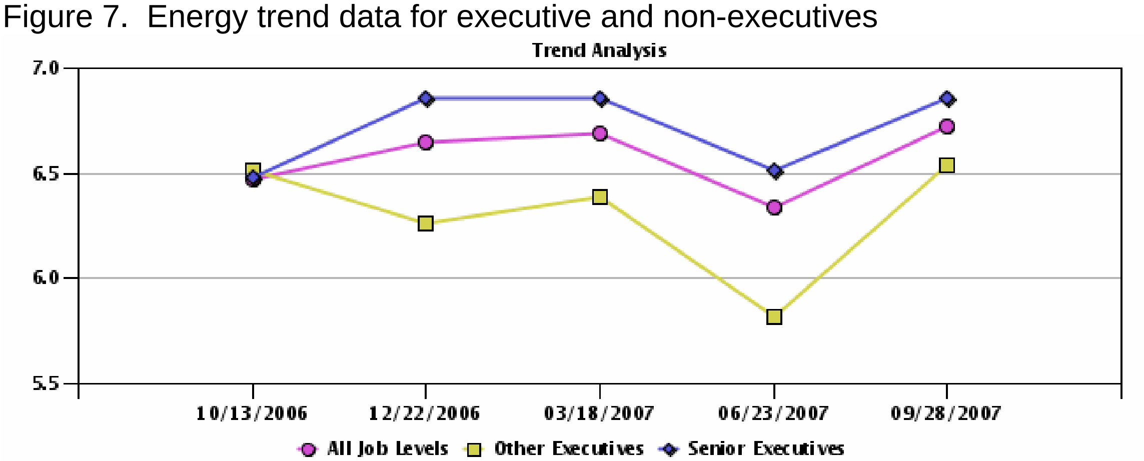
Figure 6 below reveals that executives (C-core and VP level leaders) report slightly higher energy scores than do non-executives (directors, managers, professionals in non-managerial roles). These findings are consistent with our benchmark data that repeatedly reveal executives report the highest energy levels within and across firms.

Figure 6. Executive and non-executive energy levels



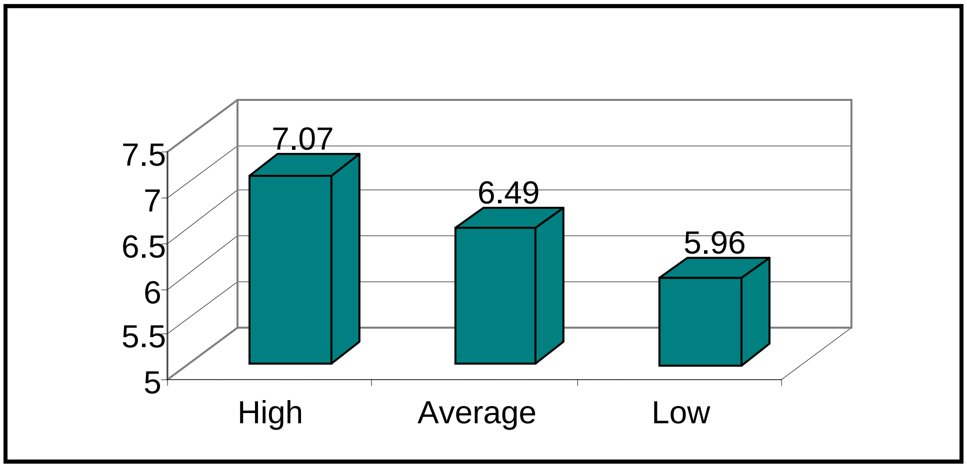
The trend data below supports the assertion that executive energy tends to run higher than non-executive energy. The tend lines show that over the past year, executives consistently report higher energy levels than the overall sample or non-executives.

Figure 7. Energy trend data for executive and non-executives



Are there energy pattern differences between high and low performing firms? To help us better understand this relationship we asked leaders, *"Compared to companies like yours (e.g. in your same industry, same size, age, etc.), how* *would you rate your company's overall financial performance?"* Responses on the five-point scale were collapsed into either a low, average or high performance category. The results reveal the highest performing firms also had the highest average energy levels.

Figure 8. Firm performance by energy level



Next we review energy levels by industry. Appendix B includes a summary of the current average energy level for each of the participating industries. The results indicate that overall energy is at its highest point in the past year and may be driving the overall increase in energy across industries. For example, energy in biotechnology is up 2.25 points as it is in construction (2.33), not-for-profit (1.88) and web-based (1.20) industries.

One of the most important pieces of data in Appendix B can be found in the "zone" column. Looking at the zone column we see that no industry reports operating within the productivity zone. So while energy is at its highest point in the past year, no one industry reports energy levels at or above where they are most productive. For example, while the Government sector reports an increase in energy of 0.42 points, they are 1.85 points below where, as a group, they report being most productive.

Energy Comment Themes

The comment data were reviewed after grouping industries into one of two categories. One category represented those industries where energy decreased; the other category represented those industries reporting an increase in energy. This is not to say that positive comments were absent from industries that report a decrease in energy, however, the rationale is that if the energy metric decreased in an industry, it would be informative to look for common themes to help explain the energy loss. Likewise, there are negative comments in industries that report an overall increase in energy, however, focusing on the common themes in each category (i.e., energy increased or decreased) adds to our understanding of what drives overall change.

De-energizing Themes

The following list represents the most common de-energizing themes expressed through the open-ended comments. The list is rank-ordered and themes higher on the list contained more comments related to the theme than themes lower on the list.

- Constant change – e.g., initiative overload and/or multiple initiatives lacking a priority hierarchy
- Dwindling resources
- Workload
- Lack of vision and/or strategy from senior leadership
- Dysfunctional teams
- Poor skill-task alignment

Sample Comments Representative of De-energizing Themes

Constant Change

> *"*Negatively affecting my energy at work is constant change. While I thrive in an environment that is challenging, I'm becoming disengaged because there is too much change, too rapidly. *"*

Workload/Resources

> *"*Being energized is interpreted as level of interest in the work and the amount of willingness to put in extra effort to get the work done. One of the things that affect this is the amount of work load. If time is not available to truly focus on the task of interest, the level of energy can wane. This could be burnout. Generally sufficient resources are the issue. Extra compensation can not make up for not having enough hours in the day/week to allow completion of the task."

Vision and Strategy

> "Alignment of strategy and execution through detailed plans and metrics to ensure every employee understands how their performance impacts us realizing our vision."

Dysfunctional Teams

"Negative energy comes from dysfunctional teams. Once cultivated, dysfunctional team dynamics can gain an unhealthy grip throughout an organization. Making it difficult for positive energy to take hold"

Poor Skill/Task Alignment

"One of the things that affect energy is the lack of alignment between one's strengths (good at it and like to do it) and the company's goals."

Energizing Themes

The following list represents the most common energizing themes. As presented above, this list is rank-ordered and themes higher on the list contained more comments related to the theme than themes lower on the list.

- Challenging/engaging work/project/task/goal
- Experiencing success, wins, meeting expectations/deadlines
- Teamwork
- Recognition/rewards
- Empowered to implement ideas

Sample Comments Representative of Energizing Themes

Challenge

"Lots of new initiatives and challenges are affecting it positively. Too many competing priorities are affecting it negatively."

Success/Deadlines

"I am energized by working toward deadlines and keeping organized."

Teamwork

"Energy comes from shared purpose of company team members that result in expected outcomes. All are working together to achieve the results deemed important to our success.

Recognition

"(De-energizing) Lack of resources. Lean staffing. (Suggestions for countering) Positive recognition and time off that is a complete break from work (no expectation that you take phone calls, respond to email, etc.)."

Empowerment

> “Ensuring that people feel empowered and have a sense of belief in themselves results in high energy to resolve issues.”

Energy Conclusion and Final Thoughts

The energy data reveal that overall energy is at its highest point in past year. Several industry leaders report large and meaningful spikes in energy. This particular finding is bolstered by the fact that within-person change also increased in those industries reporting large energy spikes. This signifies that energy gains were not simply a reflection of a new set of leaders reporting higher energy, but a combination of the new and old participants reporting increased energy.

While energy is at its highest point in the past year, it is important to realize that not a single industry is reporting in the “productivity zone” or where leaders from each industry as a group report being most productive. Moreover, energy category percentages indicates that 22% of the respondents are reporting in what we call the “danger zones” The danger zone designation is given to those who report being overly energized to the point of potential burnout (13%) as well as those within the somewhat or not energized categories (9%), which can indicate potential apathy, turnover and/or low productivity. Given our knowledge that leader energy predicts and influences follower energy, low leader energy can cascade downward having a multiplicative effect on followers.

We conclude that even with several industries showing signs of large spikes in energy coupled with the absence of “in zone” energy scores that the overall leadership sample is performing at sub-optimal energy levels. There are several potential explanatory factors for this phenomenon. For example, we here countless stories about the lack of resources (human capital, structural capital, economic conditions, etc.) required to perform effectively. We also hear comments about key positions being vacated with no intention to fill these pivotal roles and still the work piles up. If these conditions represent the current context leaders find themselves, what are the strategies that will allow for effective leadership under these conditions?

The question of how to effectively lead through engaging and energizing followers during difficult economic times when resources are scarce, yet firms are expected to perform at even higher levels – remember the saying, “We have to do more with less”, is not readily answered. Perhaps part of the answer is to be found in the compensation study we just completed.

We discovered that while cash is important, it is not necessarily the most important compensation factor. In fact, leaders report that having their ideas implemented is the number one non-cash compensation factor out of the 12 we presented. Moreover, it was ranked as number two for direct reports. Perhaps in difficult economic times when monetary compensation is less practical, leaders should begin to think about how to implement the practice of collecting, reviewing and implementing the ideas of employees on an ongoing basis.

The energy findings from the comment data, combined with the rewards study, seem to speak to the concept of empowerment possibly increasing energy. However, empowerment, like similar concepts of engagement, must focus on the "empowered or engaged to do what" question. Leaders cannot implement every idea, and they cannot blindly empower employees to do "anything." Although employees want freedom to do what they see is best, and they want to see their ideas implemented, the leadership challenge is giving employees enough direction and feedback (particularly when ideas are not strategically aligned with vision, when they are not feasible, etc.) to make the right ideas develop to fruition. Because not every idea is a good idea, and it is not the right time for every new idea.

I go back to the concept of research for an answer to this dilemma. In my own work I use what I call data and dialogue leadership tools. By systematically gathering data from large populations of employees, you can merge the best of multiple ideas with the strategic direction of the firm to provide focused direction for empowered employees and new ideas. It seems that the optimal blend of top-down and bottom-up communications is an answer to the rewards and energy challenge. Find the best ideas or blend of ideas and get teams to implement them after they have been scrutinized and focused to drive the results that meet the organization's strategy.

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.

Run this study in your organization

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

Appendix A: Leadership Pulse Study Background

The Leadership Pulse is an ongoing research study that taps into a large sample of executives (approximately 4,000 to date) who have agreed to participate in short, Pulse Dialogues (our word for short surveys) conducted every two months. We gather data on topics of strategic importance to leaders and then provide results to those who participate in this study. Our goal is to learn from data, create a dialogue around the subjects we study and help leaders continually learn so they can use the data to bring value to their organizations.

The results presented in this report are from the Pulse Dialogue that closed on November 3rd, 2007. A preliminary presentation and individual personal reports were made available to all participants approximately three weeks after the closing of the Pulse Dialogue.

Who responded to the Pulse Dialogue?

A total of 304 leaders participated in the current Leadership Pulse. Below are some sample demographics:

Company size

- "Less than 100 employees" (36.2%)
- "101-5,000 employees" (30.3%).
- "More than 5,001 employees" (22.7%)
- Did not provide company size demographic data (10.9%)

Their jobs

- Executive level (C-core, VP, and Director) (63.5%).
- Senior managers, managers and professionals in non-managerial positions (28.6%)
- Did not provide job level demographic data. (7.9%)

Their industries

17 industry sectors were represented in the current sample, including the sampling below:

- Consulting (17.4%)
- Manufacturing (15.9%)
- Services (other than consulting) (15.1%)
- Finance, insurance, and real estate (7.2%)
- Information Technology (6.6%)
- Engineering (5.0%)

Appendix B: Energy by industry details

Low Energy (0.0 - 3.74)
Medium Energy (3.75 - 6.25)
High Energy (6.26 - 10.0)

Group	Energy	(SD)[a]	Change[b,g]	Zone[d]	PLow[e]	PHigh[f]	Energy (%)
All Industries	6.72	(1.99)	0.38	-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	10 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)	0.50	-1.32	7.67	8.55	5 41 55
Government	6.30	(2.91)	0.42	-1.85	8.15	8.85	20 40 40
Health Care	6.70	(1.82)	0.44	-0.22	6.92	8.33	9 36 55
Information Technology	6.28	(1.97)	0.03	-1.35	7.63	8.49	10 30 60
Manufacturing	7.05	(1.70)	0.76	-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)	-0.15	-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)	0.12	-1.53	7.87	9.16	13 26 61
Transportation and Public Utilities	6.58	(2.42)	-0.75	-1.57	8.15	8.85	17 17 67
Web-based Technology	7.00	(2.17)	1.20	-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 first column includes a list of all the industries sampled. An NA indicates that there were no responses from that industry during this particular Pulse Dialogue.

The second column heading, energy, is the average energy score for each industry. SD is the standard deviation of energy. 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 fourth column, within person change (WPC) indicates the magnitude of change in energy of industry respondents who participated in the current as well as the previous Pulse Dialogue. This measure helps us better understand whether energy change is an artifact of a new group of leaders or stable change within an industry or a combination of both factors.

The fifth column, zone, represents the area in the energy distribution where leaders are most productive. Energy scores that fall within 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 sixth and seventh columns represent the lower and upper bounds of the productivity zone. ***No industry reports operating within the productivity zone. So while energy is at a high point for the overall sample, industry leaders are reporting energy levels below where they are most productive.*** For example, while the Government sector reports an increase in energy of 0.42 points, they are 1.85 points below where, as a group, they report being most productive.