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Two numbers for growth, innovation and high performance: Working and optimal employee energy

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In 2003, when Frederick F. Reichheld published his article in *Harvard Business Review* titled "*The One Number You Need To Grow,*" it changed how many people thought about doing surveys. Reichheld argued that to acquire more customers and grow revenues, organizations needed feedback from customers, but the form of that information did not have to be 50 to 100 questions that were traditionally found on customer feedback surveys. He suggested that one single metric could replace the long traditional surveys. His insights were not wholeheartedly accepted. As you would expect, there was disagreement and controversy. However, the *Net Promoter*® score (a short, one question, validated metric to assess customer reactions) which grew out of his work, is being used all over the world with success.

Think for a moment what could be done if that same model of using simple metrics could be part of every manager's tool kit. What if managers could use an evidence-based system to help improve employee performance, team outcomes, innovation, growth and with all of that overall firm performance? In this paper that is what is being suggested. Rather than relying on annual measures of employee engagement, commitment or satisfaction, an alternative of simple, frequent assessments of employee energy can provide high value to leaders.

In this paper a body of work that has progressed in a fashion very similar to that of the *Net Promoter* work is presented; however, the topic is about employees versus customers. The research, which started the use of employee energy as a key lever to improve performance, began in 1996. The focus is on employee energy at work—how to optimize energy, direct energy and measure energy in order to drive growth, innovation and high performance.

As Reichheld triumphed in helping many business and marketing professionals learn that simple was better, the same is being done by managers and human resources (HR) professionals. After introducing the concept of energy at work, details are provided about a large research project demonstrating that a key human capital metric, employee energy at work, can be assessed using only two numbers. These metrics are shown to be predictors of both short- and long-term firm performance. Data showing that energy, at the individual level, predict individual employee outcomes (e.g. turnover, 360 ratings of performance, sales, patient satisfaction and more) also are discussed In the firm level studies, energy predicts firm survival and stock price growth when other factors such as marketing, sales, product, technology and leadership do not differentiate between the long-term winning and losing companies. In the same way that marketing professionals use the *Net Promoter* score as a quick number to improve customer service, leaders are utilizing

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employee energy as a fast, leading indicator of firm performance and employee outcomes.

In order to grow, innovate and create high performance organizations, employee energy at, work must be optimized (not maximized) and directed. The article also weaves the tale about the processes and interventions that grew out of the research and case study work using these two numbers. The measurement of energy and associated research allow organizations to take an evidence-based approach to managing employees, not just once a year, but in the same way other organizational assets are measured and managed—frequently.

Over the last 18 years, our research team has collected over one million data points on employee energy at work. The article presents selected highlights from the research project, the learning from conducting large implementations of the employee energy process, what has been learned to date and why and how measuring employee energy has helped numerous organizations drive high growth and performance. Last, a sample set of data from the Leadership Pulse will be explored.

WHAT IS ENERGY?

Science, and in particular physics, tells us that energy is the *ability to do work*. There are two types of energy: (1) potential or stored energy; and (2) kinetic or moving energy. Energy cannot be created or destroyed. Therefore, managers can view themselves in the role of master directors, setting the stage for employees to optimally convert potential energy into moving energy. However, as is the case in physics, one cannot start thinking about the energy conversion process, and how to optimize energy, without data. Thus, the science of employee energy at work begins with the challenge of measuring and obtaining data on human energy at work. Once energy is assessed and a baseline set, then managers can learn how to optimize the process of converting potential to moving energy and then directing that energy to accomplish the goals needed to drive organizational objectives.

ENERGY AND EMPLOYEE ENGAGEMENT

While energy is related to engagement, the two constructs are different. Employee engagement, in fact, has become a catch-all phrase for many employee-related attitudes. However, numerous literature reviews on the topic conclude that the idea or goal of employee engagement is focused on employees staying on the job, being proud of their jobs and going ''above and beyond'' at work. The term engagement, with its associated meaning of long-term commitment and marriage as an ending state, in many ways does describe how this work has evolved. However, being tied together forever does not necessarily say anything about what one is doing during the highly committed formal relationship.

Employee engagement impacts employee energy at work. However, it appears from the research that engagement is a necessary, but not sufficient, condition for continual high performance. Engagement seems to consistently result in retention and positive attitudes (e.g. higher customer satisfaction), but it does not necessarily lead to higher overall performance. When engagement leads to improved employee energy utilization, however, we see positive links to both individual and firm-level outcomes. Thus, energy may be the critical ingredient between engagement and performance. In fact, in many cases, energy alone provides enough data for decision making, providing managers with a more direct and leading metric focused on performance. Engagement work tends to provide data for priority setting of interventions that may positively affect energy at work.

HOW CAN ENERGY BE MEASURED?

Given the many definitions of engagement and the numerous types of employee attitudes studied, it is important to delve into not just the definition of energy, but also how it is different, and how it can be measured. In physics, energy measurement focuses on the rate at which energy is exerted. Scientists record the amount of energy needed to elevate temperature by one degree or to move an object of a given size and weight. Our definition and measure of human energy at work parallels these primary concepts from physics.

Energy defined: Energy is the internal force available for an employee to exert at work (ability to work) = our version of potential energy.

Energy measured: Energy is measured by assessing the level of energy it takes for an employee to be at his or her best at work (how energy is used) = our version of kinetic energy.

THE ROOTS OF STUDYING HUMAN ENERGY AT WORK

In addition to the body of work from physics, the theoretical work supporting energy came from two other streams of work: sports physiology and protection motivation theory. Each approach is briefly introduced next.

Sports physiology

In our 2005 research paper on energy at work, Welbourne, Andrews and Andrews discuss this theory in detail. Energy is an optimization construct. Think of energy like your body pulse. When beginning an exercise program the goal is to work toward a target heart rate, which is based on age, physical condition and other factors. It is not good to maximize your heart rate; it could lead to very negative consequences (e.g. heart attack). You also cannot burn calories well if you are too low on the heart rate. To optimize one's workout, the goal is to be ''in the zone.'' The same phenomenon applies when studying employee energy. Employees have a target pace of work (or conversion level of energy, moving from potential to moving), and ideally managers can help employees learn how to stay ''in that zone'' and at their ideal performance level.

The sports physiology work, in particular, helped us move the measurement work toward the concept of optimization versus maximization. Just like over exerting oneself during an exercise routine, employees cannot handle over exertion at work for very long. When individuals start an exercise routine, they are given guidelines about optimal heart rates and working out in a target zone. Why would it be any different when expending energy at work? Why do we think the human mind and body can multi-task, work long hours