

Manage Your Organization's Energy

Featured Guest: Bernd Vogel, assistant professor of leadership and organizational behavior at the Henley Business School and coauthor of *Fully Charged: How Great Leaders Boost Their Organization's Energy and Ignite High Performance*.

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SARAH GREEN: Welcome to the HBR IdeaCast from Harvard Business Review. I'm Sarah Green. I'm talking today with Bernd Vogel, assistant professor of leadership and organizational behavior at the Henley Business School at the University of Reading. He is the co-author with Heike Bruch of *Fully Charged: How Great Leaders Boost Their Organization's Energy and Ignite High Performance*. Bernd, thanks so much for talking with us.

BERND VOGEL: Thank you. Thanks for the invitation.

SARAH GREEN: So the introduction to your book is called "Leadership is the Art of Orchestrating Energy." And it sounds both exciting but also a little bit nebulous and almost a little bit New Age-y. But you actually have research and metrics that you've brought to bear on this question. So maybe you could start by telling us what exactly you mean when you talk about organizational energy and some of the ways that you've tried to measure it.

BERND VOGEL: Yeah, let me start with an idea, a definition to start with. So to us, organizational energy is the extent to which an organization or team or division, depending on your responsibility, has mobilized this kind of emotion. It's cognitive and we have a potential for the

goals of the business or unit or team that you do have. And that's our core. And the idea became because it is a not so clear term when we started work, coming back in our conversation, we started to think we need to understand that. So that's our core idea.

And if you look at the key features to get a grip on it, first it's important to look at three components. So energy means is looking the emotions of a team or an organization, like passion, excitement, or the cognition. So how alert is the company? How awake is it? Are they looking for opportunities and actually about behavior. Is it putting effort and engagement behind it to get it going and to strive for that.

And then, the other one that might be a bit surprising is the idea that it's a collective level idea. So we look at energies of collective units as teams, as distinguished individual energies. So we're interested how energetic is the organization that you're responsible for?

That energy is actually called the state of the human resources, the forces that you have. So basically, we're looking at how much have you activated your people. You have police, you have managers, collectively for the goal, the strategy, initiative, the change, or things that are on your plate at the present moment and that might change.

SARAH GREEN: But is it actually possible to really measure something that sounds so intangible?

BERND VOGEL: Yes, we've thought hard over time to how we can get a grip on that. And we started with interviews and cases and then came up to a measurement that we call Organization Energy Questionnaire, which is either 12 or 36 items and looking at four different energy states. So we would then ask people in workshops or on a survey, an opinion survey, along the different compilations and motions, how energetic the organization is.

What has actually happened is that we can translate the gut feeling that people have if you talk to them into kind of a hard measurement and think that's where you are at as for now within the different energy states that we think organizations are in.

SARAH GREEN: So, when you talk about organizational energy, your argument is that good energy really drives performance. But there's a saying in sports, in the sports world, that team chemistry doesn't cause wins. Winning causes good team chemistry. So how do you know that

it's not the other way around and just that these top performing companies happen to then create environments where everyone has better energy?

BERND VOGEL: Oftentimes, the company that we work with over time were not these successful companies in the first place. So actually, they had the chance to develop, drive, create, unleash energy to, for instance, themselves overcome crisis. So you can know in this case that there is no performance and that's the issue. And so they need to mobilize, activate the people behind the way out, the way to overcome that. And this is where you can see a lot of energy in crisis situations.

So it might feed into when you're doing good, you're doing well. Like you say, that is self-generating in the second phase or second period. So, it's obvious then it drives itself. But in these cases, basic performance is not there. If you have a good company, performing company, you've touched a point there because actually they're struggling a lot to keep that energy or engagement up. Because in a way, the success that they're in makes it much harder to say, we need to put as much effort in and as much excitement in the next two years to create the win again. So it might even be detrimental to the bad.

SARAH GREEN: Can you tell us a little bit more about the different kinds of energies that you've measured and some of the research that you've done?

BERND VOGEL: Yeah, we've started to develop four- at the heart of what we do is what we call the energy matrix. And when we look at the energy with things, two different things. First the intensity. So, at what level of intensity are people actually engaged in the organization?

And second, we look at the quality of energy. Which is, if that investment that people are doing Manage Your Organization's Energy commit in the emotions, are they actually focused on the goals, initiatives, strategies of the business or unit, or on the individual agendas or maybe outside interests.

And if you compare, then we come up with four different- what we call energy states. Which will be productive energy, highly enthusiastic, highly alert organizations who have a lot of effort behind their initiatives. The second energy state would be what we call conservative energy, which is organizations that are highly satisfied with what they're doing, not really questioning

the status quo of their processes and strategies, kind of at ease, changing incrementally, but not questioning what they're actually at at the moment and whether this is actually what they should do in the future.

And the third one is what we call resigned inertia. Here are organizations and teams who are detached from the organization, doing nine to five but not more, resigned, slightly frustrated. It bogs their organization and basically two mechanisms behind. So, often organizations or teams that go through a lot of change and people have learned that they're not able to succeed and so becoming to believe that they are not able to make a difference, or just too much change over time so that they become burned out.

And finally, the fourth energy state we call corrosive energy. If you look at that, it's highly intense people in there. So it might be good, but it's actually all for the very wrong reasons. So typical indicators are things like high level of conflict, mutual betray, always against the agenda of the organization, individuals promoting only their ideas and agenda and they're happy, actually, thinking about and doing are harming others, are combined with a lot of aggression.

And if you go back, if you have that as an individual, that is contagious to others and will spread out and spiral very quickly in the organization. And that's these four energy states, how you can capture the energy profile in the organization.

And it's not that you're in one or the other. We always look at which state is dominant. And hopefully, you can executives bring the company through productive energy, but they will find pockets of the other ones as well. What the dominant, you find inertia, dominant, if you want comfortable energy.

SARAH GREEN: You mentioned the importance of energy in helping fostering turnarounds. And I was wondering if you could tell us about the Lufthansa example or another example of a company you've seen where this has really helped them turn around their financial performance.

BERND VOGEL: Lufthansa is a great example in this area. We've learned a lot from that company. And they are applying, in a way, one of the leadership strategies that we recommend, which we call slaying the dragon. Which means that you basically need to identify the core threat to your organization. What's really the risk in our business, as a first step - spend a lot of time into that.

And secondly, how do I communicate that basically to the entire organization. And thirdly, to create the confidence that you're actually able to match this gap, because the people that you're working with into the threat are the same people that you need to work outside-in.

So, someone who basically uses this pattern over time. Their turnaround situation in the early nineties and later on in some crisis scenarios that the industry they work through. And one example is they've worked with the idea of a cost improvement program, which is D-check what they called it. To which, actually in the airline language, the idea that you tear apart an airplane and put it back together, so by that language and idea, their organization already knew that this is a substantial intervention into the organization that will affect everyone.

And so, this is one step to do that. And then that means, in their case, that you find a cash flow target that the organization needed to achieve based on the suggestions of the individual managers. So they were asked to say what the risk is in this business. So they were involved in that defining of the threat already, and then the communication was much easier. Nevertheless, they implemented a monitoring structure across that so that everyone knew why we're doing it but also where we are.

And they implemented a so-called D-check Barometer, where you could see on a monthly basis, what did we actually achieve in terms of cash flow generation over time in the three years? They were way beyond, at the end, what they planned to achieve than the initial stage three years beforehand. So that's one example that we see as how it's actually hacked financial performance in organizations.

SARAH GREEN: Well that's fascinating stuff. Bernd, thank you so much for talking with us today.

BERND VOGEL: You're very welcome. Thank you for talking to me.

SARAH GREEN: That was Bernd Vogel of Henley Business School. The book is Fully Charged. For more, visit HBR.org or find us on Twitter at [HarvardBiz](https://twitter.com/HarvardBiz).

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