

Think positive. Lead with confidence. Do you take these famous phrases to heart, or has your optimism faded away with current economic conditions? It can be difficult to avoid negativity in today's world. However, the results of a new study conducted by the University of Michigan Business School may give you the encouragement you need to lift your spirits and change your outlook.

The Study's Roots

The research project, called the Leadership Pulse, is actually the result of a long-term, educational study on organizational growth and change that began in 1992. Theresa Welbourne, Ph.D. first examined the factors predicting growth in "classes or cohorts" of initial public offerings (IPOs) and then conducted in-depth case studies of over 50 large and small companies going through different types of transformations or change. Her findings indicated that businesses with cultures that valued employees and stakeholders were more likely to have improved long-term stock price, earnings per share growth and survival rates.

Several CEOs and their teams learned about the research results and asked Dr. Welbourne to apply this information to help them improve their own fast-paced organizations. Working in close collaboration with these leaders and other experts, Dr. Welbourne created a commercial venture (eePulse, Inc.) which used an innovative, Web-based "Pulse" survey engine. Unlike traditional survey methods, this new process collected real-time, frequent data from key stakeholders, and managers received their reports and a set of leadership tools quickly and easily.

Now an adjunct professor at the Samuel Zell & Robert Lurie Institute for Entrepreneurial Studies at the Michigan Business School and eePulse, Inc. CEO, Dr. Welbourne brings her knowledge and research from the commercial venture back to the academic realm with the Leadership Pulse initiative. "The technology and implementation process that supports both the commercial venture's work and what we are doing with the Leadership Pulse is called Data and Dialogue Driven Leadership®," Welbourne states. "This interactive learning takes advantage of real-time data collection and dialogue with stakeholders. The dialogue leads to new learning and enhanced performance of leaders and the companies they manage."

The Study

Beginning in June 2003, 7,000 executives received the Leadership Pulse to measure the effects of key issues and trends facing business leaders today. This initial sample group included executive education alumni from the University of Michigan Business School and people who participated in studies and seminars conducted by Dr. Welbourne. In August 2003, executives from the Fortune 1000, NASDAQ firms, women business owners and other business leaders were added to the survey via several purchased mailing lists consolidated from multiple public databases. By September 2003, the Web-based Leadership Pulse survey was sent to 38,000 people.

Participants received an e-mail announcement with a link to the Web-based survey the first week of the month (second week if a holiday occurred). Once the data was collected, executive summaries and the results were sent to everyone in the survey sample to review and promote team discussions, participation in future surveys and continuous learning. The data collected in the Leadership Pulse included several trended questions, customized questions posed by

respondents, drill-down questions that arose from a previous survey and new questions based on world events.

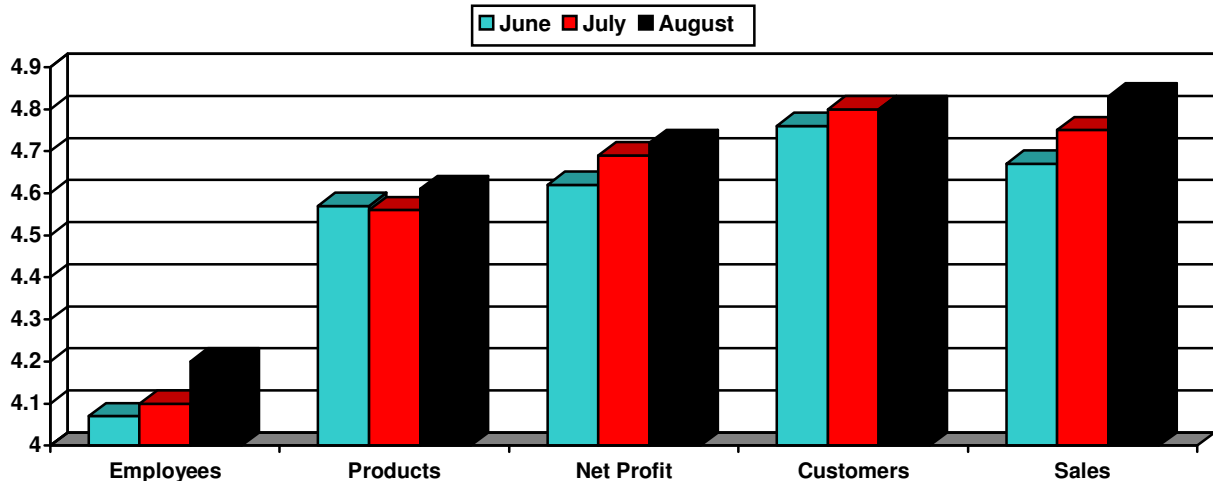
The Trended Questions

Five “Resource Movement” Scale questions were asked each month to study the pace at which resources grow and what patterns predict subsequent firm growth and financial performance. Respondents were asked to rate the degree to which the number of employees, products/services, net profit, number of customers, and gross sales would grow, remain stable or be reduced for the next month.

Every other month, respondents were asked five “Confidence Scale” questions in order to rate their confidence in leadership, their company’s vision, ability to change, economic conditions, and their people. During the months when these questions were not asked, the research team provided drill-down questions designed to obtain more information about the prior month’s findings in addition to open-ended comment data that was collected and analyzed every month.

The Results

The key findings of the study’s quarterly results were optimistic. Specifically, the responses for the Resource Movement Scale questions showed a trend for movement in a positive direction for gross sales, number of customers, net profit, products/services, and number of employees. The highest growth was expected in customers and in sales and the lowest growth was expected in number of employees. Likewise, the scores for the Leadership Confidence Scale indicated improvements in economic climate, right people and skills, ability to execute vision, ability to change, and the leadership team.



Resource Movement Scale Monthly Mean Score Summary

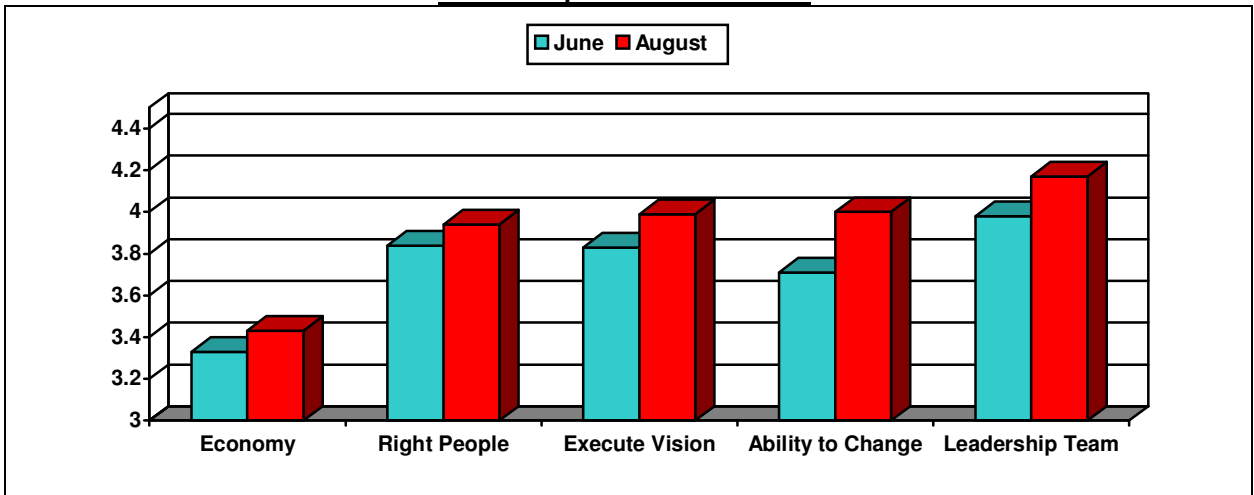
The response scale ranges from 1= substantially reduce, to 4= neither grow nor reduce, to 7=substantially grow.

Mean (SD)

Question	June	July	August
Number of employees	4.07 (1.04)	4.10 (.97)	4.20 (1.01)
Products/services	4.57 (.88)	4.56 (.90)	4.61 (.96)
Net profit	4.62 (1.14)	4.69 (1.05)	4.72 (1.19)
Number of customers	4.76 (.93)	4.80 (.89)	4.80 (1.01)
Gross sales	4.67 (1.12)	4.75 (1.05)	4.83 (1.16)

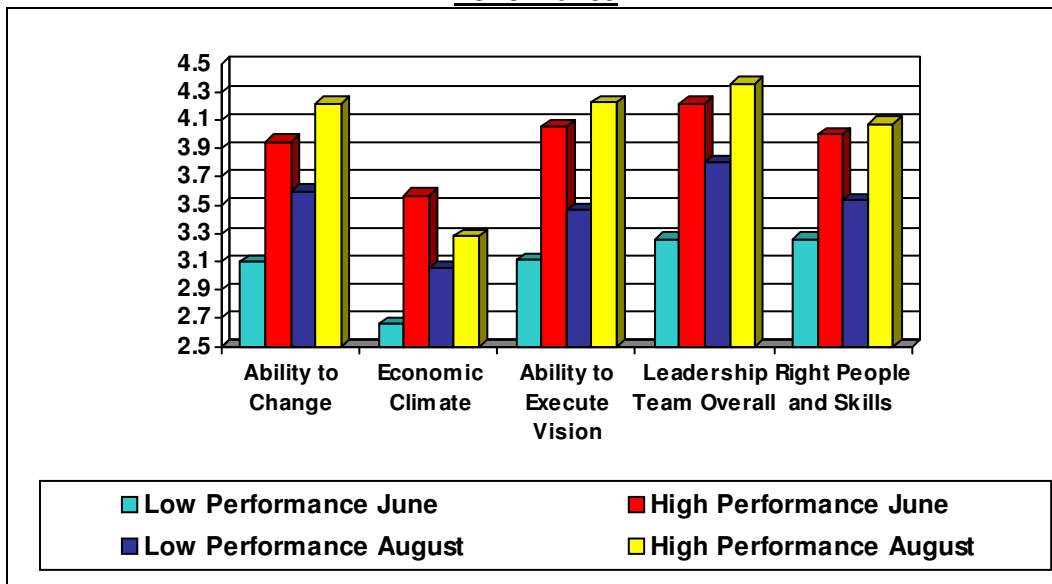
Interestingly, the firms that ranked leadership confidence and resource movement highest also had the highest performance ratings. In fact, leadership confidence scored as the number one factor for improving firm performance. This indicates that simply having more resources is not as important as confidence when it comes to firm performance.

Leadership Confidence Scale



“If your employees are more confident in your ability to obtain resources to grow and more confident in your ability to lead, execute on your vision, and more, then employees will give the ‘extra’ amount of effort needed to make the dream a reality,” states Welbourne. “Thus, the cycle of leadership, confidence, and success must specify the critical element of ALL employees being confident and keeping that confidence so high that employees believe they can do what needs to be done. This confidence leads to employee behaviors that drive results.”

Performance



Also keep in mind that sales ranked second as a key factor in bolstering confidence. “Both looking successful and showing the results of success are important, but our analysis showed that confidence is more important than resources, states Welbourne. “However, confidence will dwindle in the absence of resources; therefore, the dependency between the two over time is important to understand.”

Another interesting finding in all the data indicated that, except for net profit, smaller firms scored higher than larger firms and expected to grow employees, number of customers and sales at a faster rate than the larger firms. “The overwhelming results show that more problems are being reported in the larger firms,” states Welbourne. “If lack of trust and ethical problems are causing delays, risk averse behaviors, poor employee relations, problems with clients, and more, then I can understand why smaller firms may be more confident and be, overall, more positive than those leaders from larger firms. Significant challenges around lack of trust in management, unethical conduct, and more seem to be pervasive in many larger firms but not as problematic in the smaller firms; the road to recovery from ethical and trust breaches is very long and rocky.”

The Big News

Some of the most interesting information for HR professionals appeared in the overall scores. CEOs were the most optimistic group on everything but net profits and product/services, and HR executives ranked lower on everything but the question regarding confidence in the economy and the resource movement questions on net profit and new products/services.

Question	Mean Score for HR	Mean Score For GMs
Leadership Confidence (1 to 5 rating scale)		
1. Ability to change	3.75	4.17
2. Ability to execute on vision	3.86	4.12
3. Leadership team overall	4.07	4.26
4. Have the right people and skills	3.84	3.98
Resource Movement (1 to 7 rating scale)		
1. Number of employees	4.13	4.29
2. Number of customers	4.76	4.78
3. Gross sales	4.78	4.85

These lower scores can be attributed to the fact that as an HR professional, you probably hear complaints from your CEO all the time and feel like you don't get the respect you deserve when it comes to making strategic decisions for the organization. In addition, you are the one “in the trenches” dealing directly with employee issues, labor contracts and the threat of layoffs on a daily basis.

However, this does not give you the right to be pessimistic. In fact, it means that you need to work even harder on your attitude in order to lead others and have a respected voice in your organization. “If the CEO is the most positive, and the HR executive is the most negative, these attitudes are going to definitely show and manifest themselves in ways that are not too pretty for HR,” states Welbourne. “In order to influence the C-core team, HR must be able to talk to them, and when the CEO is positive and the HR is negative, HR will not be welcome at the table.”

The Experts Comment

Brian Hackett is not surprised by Dr. Welbourne's research findings. As The Hackett Group's Director of HR Advisory Services with over 20 years of experience researching the HR profession and 10 dealing directly with Senior Vice Presidents of Human Resources at large firms, Hackett feels that it is especially important for HR people to be positive in the workplace.

He has seen the difference between those who act positively and those who don't and feels that when HR professionals are negative, it's generally because they are thinking administratively versus strategically. "Sometimes those individuals just don't have the capability to be strategic," he states. "That's the fault of the CEO who would rather have a 'policeman' or 'paper pusher' than a partner who understands how to build an organization of engaged people. The result of the latter is employees who will bleed a business dry with the thousands of 'it's not my jobs' and the lack of discretionary effort that differentiates top organizations."

Still not convinced that changing your attitude will make a difference? Take into consideration that researchers at The University of Michigan Business School recently formed the Center for Positive Organizational Scholarship to stress the importance of furthering research teaching on the power of positive dynamics and human excellence in organizations.

For example, Jane Dutton, Ph.D. is the William Russell Kelly Professor of Business Administration and Professor of Psychology at the University of Michigan, and her studies with the Center for Positive Organizational Scholarship movement look at positive capabilities and the dynamics and implications of positive relationships on organizations and individuals. In regards to the Leadership Pulse results, Dutton states, "HR professionals are often structurally in positions that probably diminish their optimism so I think it's an accurate reflection of the reality they live, but the problem is that way of seeing often determines how they behave. It has sort of a self-fulfilling quality that might end up undermining their effectiveness."

Dutton stresses that people need to have positive expectations, connections and emotions in order to cultivate the type of resourcefulness they need to thrive and do their best work. As a human resource professional, this is a key point for you to take into consideration due to the nature of your job and the day-to-day stresses you tend to deal with. "I would be worried that the realistic negative may actually be a hindrance to their capacity to activate excellence in the system," states Dutton. "That HR becomes something to avoid, something that repels investment as opposed to attracting investment."

As part of the Positive Organizational Scholarship movement, Robert E. Quinn, Ph.D. is the Margaret Elliott Tracy Collegiate Professor of Business Administration at the University of Michigan and studies leadership and the process and creation of positive organizing. He believes that as people spend more time in a negative environment, they are open to less opportunity and that it's important for people to be in a positive space because they'll see more options, feel more confident and make more choices to take action which generally leads to more success.

Commenting on the Leadership Pulse, Quinn also feels that being in HR is a tough, frustrating job. "You are supposed to be responsible for one of the very important aspects of the organization which is the people side, but you tend to get left behind by the finance people, the operations people and so forth," he states. "If HR people become negative, they begin to spiral downward, and then they become a black hole, and then everybody sees them as a black hole, and they denounce the people saying that HR in this organization is really bad. The negativity becomes a vicious cycle where they feel powerless so they are powerless. Then they get less power, so they feel more disempowered, so it just goes on and on."

Next Steps

Hopefully, this information will give you the boost you need to have a more positive disposition and improve overall performance management. To start a change, Hackett suggests that you

truly listen to your people, show empathy and respect and help managers learn to be better managers of people. He feels that because it's human nature for people to follow others who understand them, learning these skills and techniques, continuously improving them, and being proactive and positive will improve leadership capabilities throughout an entire organization. He also suggests eliminating the annual performance appraisal process because everyone hates doing them. "Get continuous, honest feedback so people can work and grow together and grow the business so all can benefit," he states. "You are what people perceive you to be, and you reach the goals you envision. The power of positive thinking is very real and very infectious."

Dutton also believes that individuals are responsible for cultivating the conditions that improve and nourish the possibility for greatness. She recommends that you develop a serious practice for bringing out the greatness in the system. "It means taking it seriously, really seriously, and then trying to build programs, processes and actively cultivating contacts that create these positive dynamics," she states.

In the same way, Quinn recommends that HR professionals stop waiting for leadership and find the courage to empower themselves. "Make a shift to the positive and avoid the downward spiral," he states. "It really helps to do some real soul searching. It helps to get a support group and do a lot of value clarification and eventually to make some commitments." He suggests that you ask yourself if you want to stay or go and if you decide to stay, figure out what it means to contribute and what needs to be done that is not being done.

It's Your Choice

As an HR professional, it's up to you to avoid negativity. As the Leadership Pulse (participate at www.eepulse.com, "Michigan Leadership Pulse") and experts in the area of positive dynamics indicate, positive attitudes lead to successful change on both an individual and organizational basis while negativity leads to undesirable results. If you want to be a true leader with a voice in your organization's overall strategy, create a positive environment, try to control your feelings, and be prepared for growth and success.

About The Author

Melanie Rembrandt (mrembrandt@public-i.com) is a writer and media director for Public I, a communications company in Birmingham, Michigan. A magna cum laude graduate of UCLA's prestigious School of Theater, Film and Television, Melanie has several writing awards to her credit. She has written numerous internationally published articles regarding human resources, business, technology and the arts.