

**Stanton Marris**  
**energising the organisation**  
**issue 02: managing energy**







**“We all look at the same numbers. But can the company do what they say they will?” asks the fund manager. “It’s not the policy, the legislation or even the money,” says the permanent secretary. “It’s whether we can deliver.”**



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## Managing energy

Every chief executive wants to look round corners: to know if the organisation is up to the task. In **01: the sources of energy** we argued that organisational energy – how far the organisation is mobilised and directed towards its goals – is a forecast of its success. In this issue, we describe how to measure and manage that energy.

Measures of organisational energy predict how the organisation will respond to demands and opportunities, and how it will be perceived by its employees, customers and other stakeholders. Energy is not a random variable. It can be managed, but not in the same way as, for example, analysing market opportunities, installing new technology or building a bigger depot.

The particular experiences of Taylor Bailey, RuralAid, Rosella and Anstar UK (told as four stories on the following facing pages) illustrate how different organisations have used the concept of energy to shed new light on their issues and how to manage them.

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### Story 01: Sold on synergy ... won on energy

"I have a passionate belief that what drives our merged business is the intellectual capacity of our people and their creativity and motivation. If we capture and harvest that capacity, we release the potential of people."

That's the view of a senior partner who lived through the merger of two leading professional service firms, Williams Taylor and Bailey & Partners. The courtship began when the two firms recognised the potential synergies of combining their intellectual and brand assets. The real work started when the Integration Team set out to win the support of all the partners in both firms.

How could they build an honest assessment of the people-based assets of the two firms? They needed facts, but also an understanding of how people felt about the strategy, culture and leadership of their firm. A joint survey, energising group discussions and interviews with senior partners gave the Integration Team important clues on how to manage the integration. They discovered what made each firm tick, what energised the talented partners, and what people found frustrating.

The partners' meeting where these insights were shared was the tipping point of the merger. Honest discussions and hard decisions helped everyone to focus on the real issues early. The integration which followed wasn't easy, but working with, rather than against, the collective energies of the firms made it a much smoother ride.



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## Tipping the energy

“I could tell by the handshakes on the day I arrived that they had lost the spark,” said a new CEO. Energy has a lot to do with how people feel. Decisions which may seem insignificant can tip the organisation from high energy to low. When head office asks for details of all expenditure, division heads may interpret this as a lack of trust in them. Actions intended to boost energy can depress it. When the operations director warns staff about difficult business prospects, his aim is to spur them into action, but the effect may be to paralyse them with anxiety. The most effective leaders know that little things can make a big difference. Few will remember the formal presentation at the management conference, but what is said in the bar that night is around the whole company by the morning.

Unmanaged, organisational energy is a capricious force which can blow the business off course or stop it in its tracks. But how can we know the impact on the energy of the business of the proposed merger, the restructuring around product groups, the closure of the French factory, or the new system for operational reporting? To manage energy it is necessary to discover what influences it, understand how to focus it, and find ways to release it. Organisations that know how to do this create ‘tipping points’, which generate energy and direct it to their goals.

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## Story 02: Redirecting energy

The real issue for the CEO of RuralAid, a government agency, was not the lack of energy among the employees in the front line, but how to focus it on doing the things that would make a difference to rural communities.

The staff survey had revealed a depressing picture of people frustrated by the organisation's bureaucratic planning procedures and resource management processes. On the other hand, the CEO saw for herself that people in the field had a genuine belief in what the agency was there to do. The problem was that each area pursued its own local agenda and rejected any corporate intervention.

The organisation needed a new strategy, but the CEO resisted imposing yet another centrally-driven initiative. So she turned the process on its head. While the top team set the national priorities for action and established the long-term targets, they invited each area to suggest its own plan for contributing to those targets.

The experience immediately felt different. There was little corporate guidance, just a few principles about involving staff and stakeholders to ensure the local plans would have the full support of the people who would actually deliver the results. Each area came up with its own plan for how to deliver against both national priorities and its own local targets. Giving freedom within a framework has turned a frustrated organisation into a focused one.



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## Managing the flow of energy

Visualise three powerful waves which roll over and merge with one another. At the crest of each are tipping points where the organisation can be boosted rapidly forward or thrust below the surface and have to start paddling again. When the organisation rides the waves it draws energy from them to skim it faster to the future.

### Discovering energy

The discover wave tells you what lifts energy in the business and what destroys it. For one consumer goods company, energy is mobilised around pioneering new markets. Take that away and life is flat. For a construction company, it comes from seeing their fine new buildings commissioned and working. For an advertising agency, it is snatching the prize account from the big guys who thought it was theirs forever. Conversely, energy might be destroyed by weak leadership, futile disputes between departments, bad publicity or drab offices.

The discover wave is about more than data-gathering. It provides a hard measure – the Energy Index™ – and pinpoints where energy is gained and lost (see notes on page 10). But the means of enquiry is also designed to be energising in itself. The richest insights come from talking in fresh ways to groups of people to understand what really matters to them. Doing this begins an internal dialogue which generates new energy.



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### Story 03: Energy for innovation

Rosella was founded fifty years ago on one revolutionary product, a fume-free oven cleaner. It became an international household goods company, but by the late '90s growth had stalled. The Energy Index™ confirmed the CEO's perception that the place felt flat. The problem wasn't lack of commitment: it was that there was no fun. For managers, life was a grind of operational statistics, contract negotiations and cost control projects. Asked what fulfilled and energised them, the directors talked wistfully about the old days when Rosella was always first with new ideas. Now, they said, it was just a numbers game.

The board decided to look in parallel at what market research told them about the product range and what the discover wave told them would energise the organisation. The answers were the same: fewer brands, each a winner or the potential to be one, more innovation and a closer relationship with consumers.

Something different was happening in the boardroom. The oil painting of their knighted patriarch was replaced by a picture of a wild-eyed young man, their founder in his lab in 1947. The CEO began the meeting by dropping the agenda in the bin. He and the directors spent the morning in local supermarkets, watching and talking to shoppers. They came back in the afternoon to share what they had found. The session went on loudly into the night, the table covered in bottles, packets and sketches.

“Group profit before tax and exceptionals grew by nearly 10%. This result begins to reflect our renewed capability and energy for change.”

Steve Russell,  
Chief Executive Boots plc,  
Business Update, 30 May 2002



## Focusing energy

The focus wave builds on an understanding of the organisation’s energy to shape an agenda for action. Commitment is designed in: if many people participate, they have a personal investment. Top management decides the destination but the people work together to clear the decks and raise the sails.

When a global company wanted to merge its two head office buildings the HR team saw an opportunity to introduce more flexible ways of working. As a result staff were able to focus their energies on productive working at home at the same time as meeting their needs for a better work-life balance. When a local authority was frustrated at the length of their waiting list for children with special needs, five of the case work team met together, streamlined the process, halved the assessment time, and were ready to go live in six weeks.

## Releasing energy

The release wave thrusts the organisation rapidly forward. There is a buzz of excitement and anticipation. Leaders spend less time trying to make water flow uphill and more directing the new flow of energy coursing through the company. “I went to see one of our operating companies to find out how they had turned the business around,” said the chairman of a global business, “but I had to pull them down from the ceiling before they could tell me.” During the release wave the Energy Tracker™ can be used to track how energy levels are changing.

With hindsight, some of the measures to build or direct energy may seem obvious but at the time they have a huge impact. An engineering company produced a credit-card sized ‘pocket plan’ describing its three big goals for the coming year. Each work team then discussed how they were going to help achieve them. More boldly, a manufacturing company brought its staff together in a sports hall in groups of four hundred to see and discuss a three act play setting out how they would work differently across the business in future.

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### Story 04: Energy in hard times

Four of Anstar UK's best graduate trainees resigned on the same day. One of the exit interviews summed up the problem: "I don't mind working for a tough company as long as I have a future." The HR director was perplexed; then the penny dropped. The plan to create a European regional office in Cologne, closing the Farnborough headquarters and making the UK an operational unit only, had leaked. Where the corporation saw faster decision-making and one less layer of management, its UK managers saw the end of their career aspirations. The graduates trainees could walk. The middle managers, locked in by long service and high salaries, felt trapped.

At first the managing director, nearing retirement himself, had scant sympathy. The company had treated them well. Those with any gumption would try for a job in Cologne. There was a good voluntary redundancy programme. But it wasn't that easy. The UK consumer electronics market was soft and Anstar was losing share. The restructuring would take two years. If the managers' energy was diverted, there wouldn't be much of a UK business left to manage.

The decision which emerged from the focus wave was simple. The company would put the whole picture on the table and ask managers what they thought. At first, managers were resentful, the CEO impatient. But eventually, in return for support to develop a personal career plan, the managers undertook to see the UK business through the transition. Two years on, they took pride in handing the business over in good order to Cologne.



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### Note 1: Calculating the Energy Index™

The Energy Index™ –  $E^x$  – is calculated from two questions, one about quantum and one about direction, which form the first part of the Energy Index™ questionnaire. On a six point scale, respondents say whether working in the organisation energises them or not and then whether the way the organisation works directs people’s energy purposefully to results. These questions may be answered by individuals in a survey or by groups in the course of an energy discussion. They provide the headline energy level, which may be compared between parts of the company, over time and with other companies.

If  $E^x$  was 100, everyone would say that they were strongly energised by working in the company and strongly agree that energy was effectively used. This is paradise. We expect a typical large company to have  $E^x$  of 50 – 60.

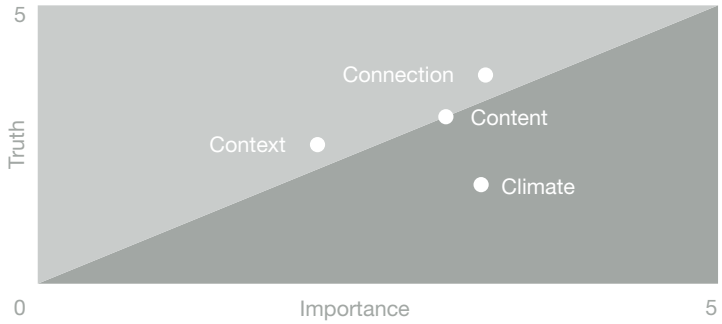
CEOs can use  $E^x$  to get advance warning of how the organisation is likely to perform in future. Human resources directors can use  $E^x$  to measure the impact of, for example, leadership and communication programmes.

### Note 2: Pinpointing energy

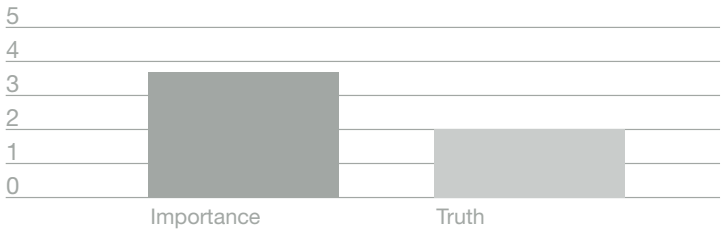
The full Energy Index™ questionnaire, completed by individuals or in the course of an energy group discussion, asks both how important and how true are a number of statements in relation to each of the four components known to set the energy level of an organisation. (These ‘4Cs’ – connection, content, context and climate – were described in issue 01).

This means that the questionnaire discovers not only what is most important in energising people, but also where the biggest gaps lie between importance and reality. This enables the organisation to pinpoint, often unexpectedly, how productive energy can be created. The diagrams opposite show examples of results.

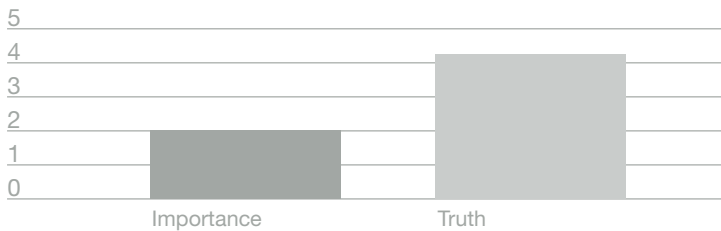
### Sample outputs from the Energy Index™



### The structures for decision-making and responsibility work well



### I get the practical support I need to do my work





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### **In summary**

- if you want to know as early as possible how an organisation is likely to perform in future, measure its energy
- a tool such as the Energy Index™, which quantifies the level and alignment of an organisation's energy to its goals, can provide a leading indicator of performance
- organisational energy can be managed – but not in the same way as other things are managed, because it has a strong emotional element
- when companies understand what generates and blocks energy, they can create 'tipping points' which lift it fast
- to manage energy it helps to think in terms of three waves which in turn discover, focus and release latent energy
- when companies understand their own energy they are better at planning change and grasping new opportunities.

### Further reading

1. “The Tipping Point: how little things can make a big difference”, Malcolm Gladwell, Little Brown Company, 2000
2. “Beware of the Busy Manager”, Sumantra Ghoshal and Heike Bruch, Harvard Business Review, February 2002
3. “When the going gets tough”, Robert Smith, The Observer, 3 March 2002
4. “Interview with Theodore Zeldin”, Rebecca Johnson, People Management, 28 October 1999
5. “The Human Value of the Enterprise”, Andrew Mayo, Nicholas Brealey Publishing, 2001
6. “Human Capital”, Thomas O Davenport, Jossey Bass Wiley, 1999

Issue 01 of energising the organisation defined organisational energy and explained its importance. Subsequent issues will cover:

Issue 03 – Organisational energy and leadership

Issue 04 – Organisational energy and customers

Issue 05 – Organisational energy and mergers

If you would like a copy of 01 now or of future issues when published, please email us at [energy@stantonmarris.com](mailto:energy@stantonmarris.com).

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to increase performance. To find out more, visit our website  
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