

GOOD VIBRATIONS

THE CEO'S PRACTICAL GUIDE TO CREATE AND AMPLIFY ENERGY

By Roselinde Torres, Peter Tollman, Susie Grehl, and Eva Sage-Gavin

LET'S TALK ABOUT ENERGY—NOT the kind that heats your buildings and powers your facilities and servers, but the complex and powerful force that shapes organizational performance. The way that CEOs create, convey, and manage energy throughout the organization can mean the difference between delivering high performance and constantly missing targets.

By “energy,” we do not mean personality, passion, charisma, extroversion, cheerleading, or any of the other characteristics that are mistakenly attributed to it. Energy is related to—but different from—strategic focus, time management, and personal rituals, such as workouts and scheduled downtime. It is less about energetic action and more about authenticity, character, discipline, and communication.

Energy operates as a two-way current that travels throughout an organization. Starting with the CEO, it reaches all the way to the front line—and even beyond, to outside stakeholders—through a series of face-to-face and increasingly viral transmissions.

Leaders can use energy to infuse others with purpose, to impart meaning, and to encourage the pursuit of goals. Energy is also the means by which leaders receive feedback from both within and outside the organization. It is the byproduct of connectivity, preparation, and intent.

What's more, energy is a palpable force. “I have learned over the last 11 years that the energy I brought to any situation was reflected and absorbed by the team,” one CEO said. “I have become more conscious of the power of my energy and more respectful of its effect on other people than I was before.”

CEOs who harness energy accelerate value creation, while those who deplete energy or allow it to dissipate struggle to achieve their goals. Managing energy, of course, is not just the CEO's job. But it is especially important for the CEO to master the skill. CEOs must connect with, influence, and mobilize individuals who are often dispersed by thousands of miles. They must also engender enthusiasm, trust, and confi-

dence among people who, in this age of social media, are often more likely to trust their peers than their leaders. What's more, CEOs increasingly interact with outside stakeholders, where the first impression is often the only one they get to make. There is little opportunity for a do-over.

But despite the importance of managing energy effectively, many leaders have so far focused on only part of the task—the sources of energy rather than its uses. The emphasis has been on working with the CEO to maintain proper health and wellness habits; to set aside time for renewal and recharging; and to apply athletic-training principles to executive development. These aspects of creating and managing energy are all important, but they miss the broader and more powerful application of energy to initiate positive change. “As CEO, there is no such thing as throwing a pebble in the pond; everything you throw in the pond is a boulder,” one top executive told us.

To understand this critical but misunderstood concept, we recently interviewed 50 current and former CEOs of companies as varied as West Coast startups, Fortune 500 members, and nonprofit organizations. We asked them how they generate and transmit energy, as well as how they perceive and shape the overall energy levels of their organizations. Nearly all of them said that managing energy was one of the most critically important aspects of their jobs. Four dimensions of energy emerged from these interviews:

- **Energy is contagious.** In every interaction, CEOs send out energy. This energy can be positive or negative—and it doesn't affect just the immediate recipient. Rather it amplifies across the organization through word of mouth and social media, ultimately rebounding to the CEO. A negative meeting with a CEO, or even a misunderstood hallway conversation, is rarely self-contained. As William Faulkner wrote, “The past is never dead. It's not even past.” Social media guarantees that past encounters—whether positive or negative—now project into the future.
- **Energy is a force for value creation.** Positive energy creates employee engagement, alignment, and agility. It instills self-confidence and a sense of purpose within the organization. Energy unleashes capacity and improves an organization's ability to execute on strategy by tapping into people's reserves of discretionary effort.
- **Energy is a choreography.** Positive energy does not just happen. It is deliberately designed and generated. Many of the CEOs we interviewed homed in on the preparation and thought that goes into critical meetings, conversations, body language, settings, and messages that can amplify across the organization.
- **Energy needs a gauge.** CEOs need to understand whether they are transmitting the right level of energy—too much can be as damaging as too little—and receive feedback about the overall quality and level of energy in the organization. They also need to recognize when to pause and reflect and when to focus outward.

Let's examine how these four dimensions play out in practice.

Energy Is Contagious

Energy is collective, not self-contained: a CEO's energy travels throughout an organization. Perceptive leaders can both amplify their own influence and pick up on the energy levels within their companies. They understand when they need to convey intensity and when they need to be calm, because putting out too much energy can be wasteful and limit the contributions of others. They also draw strength from their teams and recognize when they need to adjust their approach. “I definitely get energy from rallying up my team and spending time making a human connection, not just a work connection,” one CEO said.

Conversely, displaying too little energy can zap an organization of motivation and set a negative tone. As one CEO told us,

“When you walk into a room and are lethargic, you don’t have the team’s attention.”

Many CEOs understand their role as “chief energy officer” and are deliberate about how they play it in individual, small-group, and larger town-hall interactions. “You can tell a CEO who is actively involved and focuses on energy. You can tell by their energy level,” one top leader told us. “Employees look at everything you say within their framework. That’s why CEOs have to be careful what they say, how they say it, and how they interact with people.”

The term “energy” can imply activity bordering on the hectic, but sometimes CEOs amplify energy by presenting a calm demeanor, especially during tough times. The CEO of a major financial-services firm was deliberately calm during the recent global financial crisis, as a sign of strength for both employees and customers. “You had to create positive energy for the people around you. But at the same time, you had to stay calm. The ability to pull through that period separated us from a lot of our competitors,” he said.

Energy Is a Force for Value Creation

Energy is not simply a personal trait of the CEO. It is a way to create value for the enterprise. By harnessing and channeling their reserves of personal energy, CEOs can create value in four ways.

Encouraging Bolder Moves. CEOs can instill confidence in an organization. They can help people transition from fearing failure to taking prudent risks. “I look for opportunities to get the organization comfortable in taking risks and not being afraid of failures,” said one CEO.

When new CEOs are brought in to lead a transformation or a turnaround, energy is a key lever to pull—one that can demonstrate confidence and forward motion. “I had to convince the people that, notwithstanding the threats, if we focused together on a new strategy, and we got everybody on the team around the world aligned on

the purpose, we would end up in a positive position competitively,” said a CEO who was hired shortly before the financial crisis to transform a global company.

Increasing Dynamism and Adaptability.

CEOs who can channel their energy, stay in sync with their organization, and employ the right level of energy for the setting can create positive momentum. Organizations will move faster and with greater certainty. They will also have a greater ability to correct their course when, as inevitably happens, the original strategy needs revision.

The CEO of a company with a skeptical investor base focused on rallying his people around a new strategy. “Within weeks of focusing this effort, the internal stakeholders were more motivated than ever,” he said. “They were charged up. They thought about how we would harness the strategy.” It took longer for investors to recognize that the company had latched on to a winning strategy, but they eventually came around, too.

Generating Greater Productivity. Energy is closely related to alignment and employee engagement, the willingness of employees to commit discretionary effort to their jobs. When you walk into a high-performance organization, you can feel the difference. Instead of staring blankly at their screens or slouching in meetings, people are invigorated. They talk fluently about their organization’s mission and strategy, rather than (or at least in addition to) the latest sports scores and fashion trends. They are instilled with purpose; they know what they are supposed to be doing and how it relates to the tasks of their colleagues.

The energy that fuels this sort of environment starts at the top and travels throughout the organization. The CEO and senior leaders create a spark in their direct reports, who then pass it down the line. Employees are unlikely to go above and beyond the call of duty if their top boss has not established a connection with them. “There’s a part that is visible. I call it ‘touch.’ You are with an individual or a group, and you can feel the engagement.

You transfer the energy. I think it's a visceral experience," a CEO said.

Expanding Organizational Capacity. Energy can unlock latent capacity in an organization by creating a sense of urgency and expectation and by providing a laser-like focus on the most critical initiatives. Complexity and inertia start to fall away when employees are energized by a common purpose. "One of the primary responsibilities I have as CEO is to create a positive energy environment. Momentum and energy are related to having people motivated to achieve results," one CEO told us.

Energy Is a Choreography

Energy is not an inherent trait. To be sure, some individuals exude energy naturally, but that does not necessarily mean that they convey energy to members of their organization more effectively. Like other CEO skills, energy management can be practiced and perfected.

To thine own self be true. CEOs have their own preferences about how and when they like to interact. One-on-one meetings—or conversely, large town halls—are draining for some CEOs but energizing for others. The same holds true for when—morning or afternoon—meetings are held. While some types of interactions and time slots simply can't be avoided, CEOs should actively manage their calendars to increase their effectiveness. As one top leader told us, "There are people who are better one-on-one than in a big group. If it's not you, don't go out there and give charismatic speeches. You need to play to your strengths. You are always better when you are playing true to the integrity of who you are."

Here are some practical suggestions that CEOs use to manage their personal as well as their organization's energy.

- Review your calendar to identify energy-draining and energy-renewing activities. One former CEO conducted regular "energy audits" of his calendar to assess "give energy" and "take energy" meetings. Another former CEO

said, "It's a pretty good way to keep your balance. Are you scheduling enough of the energy meetings that you want to have, with people you want to meet with?"

- Stay curious. Several CEOs mentioned the role of curiosity in refueling and as an antidote to the routine of the job. As one top executive said, "Curiosity is a verb. Our business requires stimulation and newness." This CEO actually sets aside time to explore new places and ideas.
- Establish limits, especially when traveling. Several CEOs talked about how draining it can be to hold numerous back-to-back meetings. "You don't want to line up four or five stressful events in a row, if you can avoid it," a former CEO said. A number of CEOs who told us that they were natural introverts said that they consciously manage their calendars so they do not need to be "on" for long stretches of time. "I have rules. No breakfasts before 8:00 am. This is so I can get up, work out, run through my e-mails—and then I can rock and roll," a CEO said. "No late nights, no late parties. I must be back before 9:30 pm. If I am traveling for a week, I want one night to myself."
- Plan meetings to maximize energy output. Several CEOs who consider themselves "morning people" said that they try to hold critical meetings before lunch. One company has tried to schedule most meetings for Mondays so that employees can focus on their work the rest of the week. "It created positive energy. People felt that their time was not being consumed by meetings," the CEO said. "Collapsing meetings into one day is energy efficient." Other CEOs try to hold meetings in locations that facilitate energy exchange, such as at business units rather than in the executive suite, or they set up the room in a way that facilitates open communication. At town halls, one CEO arranges the room in a circle. "I stand in the center so people are looking at one

another,” he said. “It says, ‘I’m not here to speak to you.’ It’s about engaging with one another. It’s not about talking down from a podium.”

Practice, practice, practice. Successful CEOs leave nothing to chance when they participate in meetings or interactions that can create positive energy, such as town halls or investor presentations. “Stress is the eater of energy. Nothing relieves stress more than preparation. For an analyst meeting, you want to deliver three or four message points and to understand what is on people’s minds,” a former CEO told us.

“When I am deliberately prepared, I have the ability to channel the right amount of energy,” a CEO said. “As a CEO, if you’re not on top of your game at all important meetings, you will not extract the right value from the event.”

Many CEOs try to ration their energy in proportion to the importance and complexity of a particular activity. “I use the most energy prepping for my board meetings. I want to be ready for whatever questions they have,” a CEO said.

Slay the energy vampires. All organizations have some people who simply suck the energy out of a room. They are the constant naysayers, and they need to be eliminated. They zap not just the CEO’s energy but the energy of everyone who crosses their path. “If you have people in your orbit who are energy vampires, you need to move them on,” one CEO said.

Energy vampires are different from skeptics, who are on board with the mission but have legitimate questions. Skeptics can actually be powerful forces of energy once their questions have been answered and they buy in. As the same CEO said, “That’s not to say that if someone disagrees with you, you get them out of your orbit—that’s very dangerous.”

Energy Needs to be Gauged

In a world of social-media chatter, CEOs need to know how their people and out-

side stakeholders view their words, actions, and demeanor. In an always-on world, they also need to know when to step back and protect their time. In other words, they need one gauge to measure the external perception of the energy they’re creating within their organizations and another to measure their internal energy. They also need to be constantly vigilant for situations that drain energy, such as when a capable executive is in the wrong job or when projects and initiatives proliferate and outrun organizational capacity.

Developing a gauge for external perceptions can be challenging. Given the increasing importance of every interaction, CEOs need to create their own internal gyroscope and intuition to gain instant feedback by reading facial expressions, body language, the nature of the questions that are asked, and other signals. As one CEO said, “I think your actions as a CEO have more unintended consequences than most CEOs realize, both good and bad. You ask a question, and the next thing you know there are ten people running off doing things. And I didn’t mean for them to do anything, I just wanted to ask a question.” Many CEOs rely on an informal cabinet or other trusted advisors, but such people cannot provide real-time feedback.

Most CEOs we interviewed said that they have a conscious handle on their internal energy. They create rituals and habits—such as exercise, spending time with family, prayer, and reading—to recharge. These practices help them to cultivate a measure of balance in their lives and to develop perspectives that are not singularly focused on work.

One CEO has learned to become aware of when his energy is sagging. “There are absolutely times when I don’t have energy to give to the whole team and have become too directive and intense,” he said. “It means that other ways of doing things are not heard. If the CEO speaks first and too forcefully, it can change the outcome.”

Successful CEOs realize that they cannot always be on, transmitting energy 24-7. “In

every day, there are probably only 200 minutes that really matter,” explained one CEO. Therefore, they identify the moments that really matter and channel their energy accordingly. “I try not to get too worked up about too many things. It’s about not being intense every moment. When the right moments come, you can really spot them and dig in,” he added. Others have mastered the ability to compartmentalize. They limit the effects of both energy-draining interactions and personal events.

SKILLS FOR MANAGING energy are not easy to acquire. But they are increasingly as critical to the success of CEOs as are the abilities to raise capital, close an M&A deal, or launch a new strategy. The most successful CEOs are aware of the ebb and flow of energy within themselves and their organizations, and they consciously seek to manage it through perception, practice, and policies. As one CEO said, “Energy plays an important role in bringing your best self forward.”

About the Authors

Roselinde Torres is a senior partner and managing director in the New York office of The Boston Consulting Group and the leader of the firm’s CEO Advisory in North America. She has advised more than 200 CEOs across industry sectors and markets. She also served as the first global head of BCG’s Leadership practice. You may contact her by e-mail at torres.roselinde@bcg.com.

Peter Tollman is a senior partner and managing director in the firm’s Boston office. He is also a BCG Fellow, a senior advisor to CEOs, and a member of the firm’s CEO Advisory. He was formerly the leader of the People and Organization practice in the Americas and the global leader of the biopharmaceutical sector in the Health Care practice. He is a coauthor of *Six Simple Rules: How to Manage Complexity without Getting Complicated*, published by Harvard Business Review Press (2014). You may contact him by e-mail at tollman.peter@bcg.com.

Susie Grehl is a project leader in BCG’s New Jersey office. She specializes in large-scale transformation in the consumer and financial-services industries. You may contact her by e-mail at grehl.susie@bcg.com.

Eva Sage-Gavin is a senior advisor in the firm’s San Francisco office. She previously served as an executive vice president for human resources and corporate affairs at Gap and as a senior vice president of human resources at both Sun Microsystems and The Walt Disney Company. You can reach her by e-mail at sage-gavin.eva@advisor.bcg.com.

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