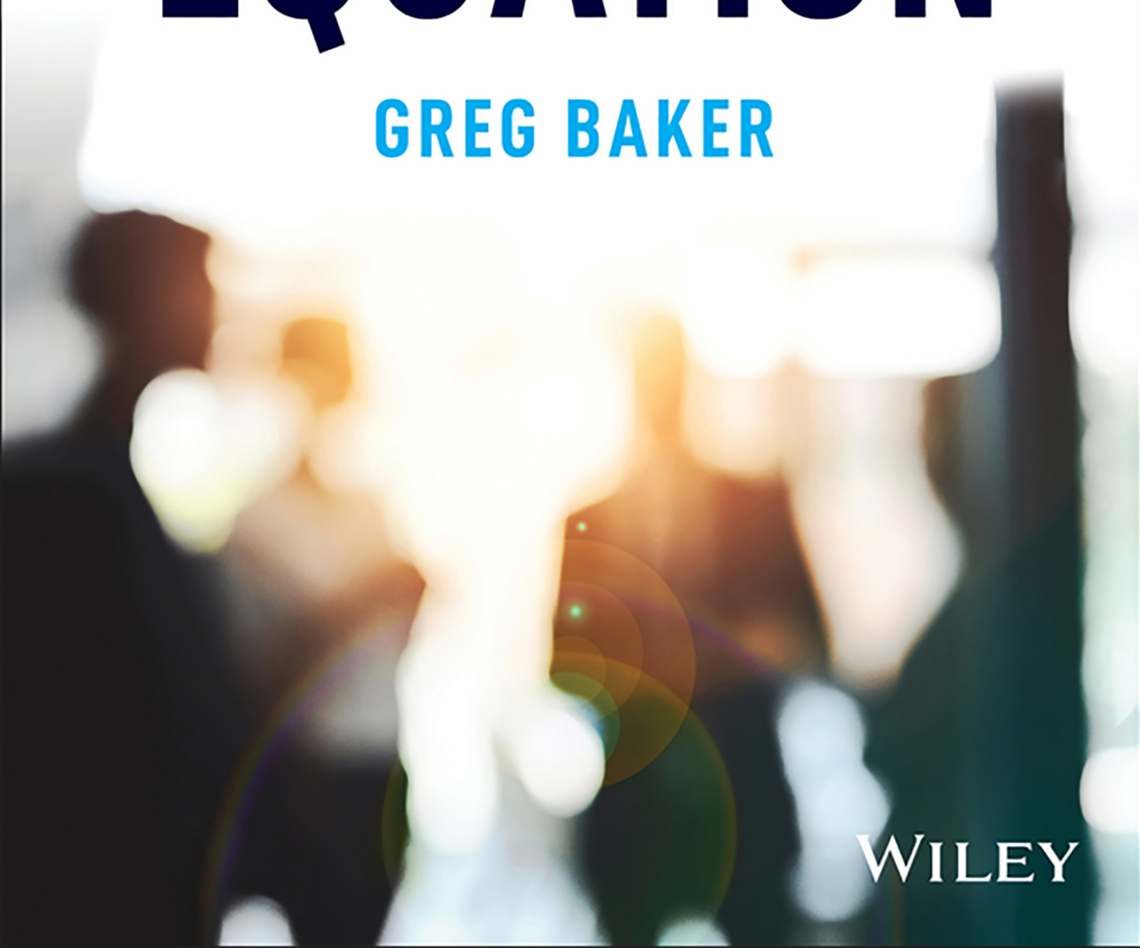
UNLOCKING THE HIDDEN POWER OF ENERGY IN BUSINESS

THE ENERGY EQUATION

GREG BAKER



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Preface

For several years now I've recognized that those of us working in companies, government agencies, and schools typically operate on a daily basis without direct visibility or awareness of large and important parts of our businesses. We make the best of this situation, but much is obscured from our view. As a result, common occurrences often go unexplained, including why some initiatives in business fail while others succeed, why some interactions create damaging animosity while others create productive harmony, and why some companies languish in their status quo while others reinvent themselves.

Yes, there have always been people willing to explain these things, but, for me, those explanations have been incomplete and overly focused on outcomes without explaining how and why things work, or don't work. The truth is that most of the time, we really don't know the details around why substantial business endeavors succeed any more than we know how or why they fail. Either way, our vision is obscured. We haven't been playing with a full deck, and many influential cards in the game have been out of sight and largely out of our awareness.

Challenged with this realization, my first journey was to figure out where and how to look for those missing cards and then use them to positively affect the outcome of the game. I discovered that the cards are different from business to business, much like organizational fingerprints, yet it is possible to follow the energy and discover the cards in any business. This path finding reveals a whole new world beneath the surface that provides deep insight into both problems and their solutions. With these revelations in hand, my next endeavor was figuring out how to communicate to others what seemed at first to be a very intangible topic. Obviously, that has taken the form of this book, and I'm happy to say that the resulting models, methods, and tools are all quite tangible and usable.

A friend asked me, "Why do you want to just give away your secrets?" I replied that I want to start a bigger conversation. I really think the business world needs this right now. So I offer this book to you. May it help you and your business, now and into the future. As you experience *The Energy Equation* and manage the (previously) hidden energy of yourself and your business, I hope you find it immensely useful, take it to heart, and become part of the bigger conversation.

Greg Baker
June 6, 2019

Chapter 1

The Dawn of a New Era in Business

In 2005 a friend showed me a book he had recently purchased called *The Hidden Messages in Water* by the renowned Japanese scientist Masaru Emoto. Using high-speed photography, Emoto discovered that crystals formed in frozen water reveal circumstances to which the water was exposed. For example, water from clear springs, when frozen, created beautiful, colorful, and complex snowflake patterns. Water that had been polluted formed incomplete, asymmetrical patterns with dull colors. Intrigued by this, Emoto took his research a step further by exposing water from pure springs to both positive and negative thoughts, words, and energy. For example, he wrapped pieces of paper with words on them around bottles of water and, following a period of exposure to the words, froze the water. Phrases like "Love and Gratitude" and "Thank You" had a positive effect on the water, producing beautiful, clearly formed crystals. Conversely, water samples exposed to words like "You fool!" and "You make me sick. I will kill you" formed no crystals at all. I was absolutely dumbfounded by these results. Although they made intuitive sense to me, it was striking to see the intangible effects of energy made tangible in a way that could not be denied or ignored. Emoto took his research into the realm of human interaction when he adopted a Japanese elementary school as his next test bed. He brought four samples of water from the same spring and instructed the children to treat each bottle differently.

To the first bottle they were to say "You're cute." To the second they were to say "You're beautiful." To the third they were to say "You fool." As for the fourth, they were told to completely ignore it. The children complied and the samples were then frozen. The first two—You're cute and You're Beautiful—produced amazingly beautiful crystals. The third—You fool—produced distorted crystals, and the fourth, which was ignored, produced the most distorted crystals of all. Now I was even more blown away as Emoto's research showed us a direct link between the actions and energies of people and their impact on water. Marveling at this documented evidence, all I could think about was how cavalier we as people have been about our own energy.

It was clear that energy, both positive and negative, was affecting the water on a molecular level. Emoto said it was all about vibration, a form of energy. Considering the fact that approximately 60% to 70% of the human body is water, he extrapolated that the energy around us and within us affects our health and well-being as well. Since I am a management consultant for organizations and businesses, I began to think about how energy plays out every day in the business arena. I wondered if I could somehow replicate Emoto's work and insights on energy flow within water to energy flow within organizations. Would it work, could I see it, understand its flow and effects, and change it if necessary? As doing so would be key to my success as a consultant and business owner, I applied myself with fervor.

When it comes to energy in our organizations, a big piece of the puzzle is making the invisible visible. We have seen examples of exactly how powerful and game changing such advancements can be. For example, on December 22, 1895, German physicist Wilhelm Roentgen, who is credited with the discovery of X rays, took an X-ray image of his wife's hand that showed a clear image of her bones as well as her wedding ring. Thus began the use of X-ray imaging in medicine—a way to see internal workings that could not be seen before. The practice of medicine evolved to incorporate this new field that we know today as radiology. Because physicians could quickly and noninvasively diagnose wounds and diseases, both their diagnoses and treatments were much more accurate and successful. In 1914 Marie Curie developed "radiological cars" to provide on-site X-ray imaging for wounded soldiers in World War I. This allowed battlefield surgeons to operate quickly and more accurately, saving thousands of lives that may have otherwise been lost. Looking back, one can imagine doctors' frustration before this imaging was available. There was a lot of poorly informed guesswork. The guesses and subsequent treatments were often misguided, causing further harm to patients, wasted time and money, and sometimes even death.

Since the emergence of modern organizations, business leaders and managers have endured circumstances similar to those faced by physicians prior to the advent of radiology. To put this into perspective, we go back before the modern organization to the 18th century with the rise of the Industrial Revolution and the development of production methods that allowed organizations to grow and scale. The focus of this era was on *execution* of mass production. "The goal was to optimize the outputs that could be generated from a specific set of inputs" (Gunther McGrath 2014). By the early 1900s, Adam Smith's concepts on topics such as the division of labor, specialization, and economic productivity reinforced the principles of mass production, adding support at the macroeconomic level. Although this First Industrial Revolution wouldn't last forever, both businesses and industrial nations prospered.

Many of our traditional management practices developed during this era and reflect its transactional input/output orientation. Efficiency, lack of variation, consistency of production, and predictability were emphasized while people were essentially viewed as cogs in the machine. Work on the factory floor could be easily seen, and management of people was a relatively simple matter of job definition, visible performance monitoring, and reward and/or punishment. Given the nature of work, managers focused on monitoring inputs and outputs; they felt little need to consider the experience of people within the process. The traditional practices that emerged were effective as long as the work of people and companies was openly visible, transactional, and consistently driven from the top.

By the mid-1900s, however, the focus of organizations began to shift toward what Rita Gunther McGrath (2014), a professor at Columbia Business School and a globally recognized expert on strategy, called *expertise*. In 1957 Peter Drucker, often called the father of management science, famously coined the phrase "knowledge work" (Drucker 1957, 69). He later suggested that "the most valuable asset of a 21st-century institution, whether business or non-business, will be its knowledge workers and their productivity" (Drucker 1999, ebook location 1804). In this era value was increasingly created by workers' use of information, a mode of work that was difficult or impossible to monitor visibly. As knowledge work grew in the United States, more and more work became "invisible" to managers. This shift in the nature of work marked the birth of the modern organization, when knowledge work began to grow and managers started to lose visibility into the internal workings of their businesses. Ultimately, knowledge work became pervasive and management visibility declined much further.

Today, our dilemmas go far beyond the simple opacity of knowledge work. The way people work with each other, and with technology, is undergoing a radical shift. Work has gone from organizationally defined and consistent to independently driven, networked, and self-adjusting. Whereas the work of mass production was designed to be static and predictable, work today incorporates tremendous variability and increasingly emphasizes personal and interpersonal human elements. How people interact and build business relationships is now center stage. How people experience their work and what they bring to the table personally has become a huge factor in determining work and business outcomes. Perhaps even Drucker couldn't have imagined the complexity of work today. Our dilemma is no longer limited to poor visibility; it has morphed into a severe limitation on our ability to understand and manage how things work in our businesses.

This dilemma exists because the way we manage our companies and people hasn't kept pace with the changes in the nature of work. That is why managers today face challenges similar to those faced by physicians prior to the development of radiology. Information about the internal workings of businesses is obscured and largely limited to what can be seen at the surface. In general, we see outcomes, good and bad, but too often we don't really understand why or how they came about. For example, a change initiative didn't stick. Most don't, actually, but why? Two managers and their departments are at odds with each other. Again, it happens all too often, but why? Everything just seems to take too long. Why? Business leaders and managers make do with largely uninformed views of how their businesses actually operate. They see outcomes, of course, and they also often see eruptions of conflict and breakdown. Most of this is surface-level diagnostics, or what I call surface-level management. Like their physician counterparts, well-meaning surface-level managers often misdiagnose, "solve" the wrong problems, fail to make the changes needed in their businesses, and sometimes even drive their businesses to the point of failure.

But what if leaders and managers had their version of radiology? What if they could see deeper into their organizations, understand their metabolisms with greater clarity, see how energy flows—or doesn't flow—see how things really work, accurately diagnose and solve problems, and bring about the kind of sustainable changes their businesses need? Before we get into energy, how it works and flows in organizations, I want to highlight the current course of business, including the four relevant and rising trends that I see day in, day out in the organizations that I consult. This course of business leaves our organizations vulnerable, exposed, and unprepared for the future. And these circumstances will only get worse until we start to make some fundamental changes in how we manage ourselves and our businesses.

The Current Course of Business

I want to acknowledge the many positive developments, innovations, and inventions that can and do happen in business every day. Business is a powerful force. However, in spite of these accomplishments, our current course of business is being driven by four very difficult trends. While each of these trends has a negative effect on business, it is the collision of these trends, the hideous and forceful way they interact, that constitutes our primary threat. Here are the four trends in a nutshell.

1. There has been a significant rise in internal conflict due largely to . . .
2. Tremendous external pressure to change our business models and retool our people. Many managers are . . .
3. Poorly equipped to understand the necessary changes, much less effectively manage through the changes, leading to . . .
4. Increased employee disengagement, anxiety, and fear.

Let's look at these four trends and the ways they interact in more detail to understand why this is such a pivotal time and why we need a new approach.

Our Current Path of Conflict

About nine years ago I wrote an article called "Don't Throw People Under the Bus." I wrote it because more and more people in business were being sacrificed and betrayed for the sake of retribution or to gain a competitive advantage. This ugliness had become so common that it had been given a name. Bus throwing was on the rise at all levels of our businesses, and I wanted to do something to help the problem. I was surprised by how much the article resonated with people and by the amount of online traffic it generated—and still generates to this day. But this popularity was also a disturbing indicator of just how prevalent conflict had become in our companies, government agencies, and educational institutions. I was coaching executives who were spending more time focusing inward, in an effort to survive brutal office politics, than they were spending on their jobs and customers. The frequency of people "bumping" (i.e., having interactions based in conflict) was on the rise as the pressure on businesses to fundamentally change major business processes from transactional assembly lines to collaborative efforts strained the skill sets of people who were much more comfortable with, and adept at, the old transactional methods. In addition, information overload and strained communications were exacerbating the problem.

In the years that have passed since I wrote the article, things have generally gotten worse. Conflict has become an epidemic, and it is by no means contained within the walls of our businesses. It has become a nagging part of customers' experience with many companies, no matter how much those companies try to hide it. Our traditional approaches are not solving this chronic problem, which is a growing cancer in our businesses. At a time when companies and agencies need to be more innovative, customer focused, effective, and capable of rapid ongoing transformation, they are distracted and lethargic from their own internal conflict.

The Change Dilemma

This distraction compromises our ability to change and adapt to an increasingly demanding business environment. Difficulty with change is not a new problem, of course, but it has been amplified in almost quantum proportions over the past 25 years. In the late 1980s, while working as a program manager at Science Applications International Corporation (SAIC), I read my first article on the top causes of change initiative failure. Since then I've read dozens if not hundreds of articles and books that each put forth their own list of reasons why roughly 70% of all change initiatives fail or significantly underperform. I have never been satisfied that these lists truly explained the problem; otherwise, we wouldn't be stuck at the 70% failure rate.

Meanwhile, advances in technology accelerate unabated, customers increasingly expect a good and more informed customer experience, and the management of supply chains is more complex, geographically dispersed, and time-sensitive than ever. Most business environments today are in a near-constant state of flux where agility is a matter of survival. While many managers share a common notion about what business agility is (i.e., "We can change what we need to change quickly and with relative ease"), there is little if any agreement on how it works or how one achieves it.

We have struggled with change and business agility for years with no apparent improvement. This lack of improvement is especially painful now, when we need business agility more than ever. Our traditional approaches are not solving our chronic lack of business agility.

The Fourth Industrial Revolution

Adding pressure to an already pressurized business environment is our recent entry into what Klaus Schwab, executive chairman of the World Economic Forum, has called the "Fourth Industrial Revolution," the age of robots, artificial intelligence, and rapidly accelerating technology. In their 2018 *Harvard Business Review* article, "Why So Many High Profile Digital Transformations Fail," Thomas Davenport and George Westerman describe high-profile failures among blue-chip companies including GE, Nike, Lego, P&G, and Ford. Perhaps the most pertinent question is: "Why would we expect the success rate of these digital transformation initiatives to be any better than other change initiatives?" In fact, they aren't. But whether the initiatives succeed or fail, the drive to digitize and incorporate new technology and business models adds a whole new set of reasons why business agility is essential.

Then there is the other side of the Fourth Industrial Revolution, the part where jobs and people will be displaced by machines and software, and those who remain in the workforce will need to work more effectively with both machines and people. Such displacement has happened before, as it did when heavy farm equipment started performing much of what was historically done via manual farm labor. However, we had more time to adjust for that and other historical displacements, and such advancements tended to be industry specific. The Fourth Industrial Revolution is happening very quickly and will affect every industry. Many workers will be displaced, but what about those who remain? Ironically, the risk for them is underutilization of the human asset. That may sound counterintuitive, as humans are becoming virtually obsolete in several job areas. Nevertheless, as many researchers suggest, we will still need humans in the workforce as this shift occurs. We just won't need them to do many of the things they have been doing. As people, we will be challenged to retool quickly and prepare for our uniquely human niche among technology. These challenges pose questions for all of us. What is the future role of people in business? What skill sets will be more important as this future unfolds?

In July 2016 ManpowerGroup commissioned a quantitative global study on the skills that would be needed in the new, more automated world. The resulting paper, "The Skills Revolution: Digitization and Why Skills and Talent Matter," states: "Creativity, emotional intelligence and cognitive flexibility are skills that will tap human potential and allow people to augment robots, rather than be replaced by them" (p. 5).

Other expert opinions are consistent with this finding. For example, Stuart Russell, professor of computer science at the University of California, Berkeley, and a member of the World Economic Forum's Council on the Future of Artificial Intelligence and Robotics, participated in a 2017 World Economic Forum podcast titled "A Glimpse into the Future: Widespread Artificial Intelligence." When asked about the future role and skill sets of people, Russell summed it up well when he said that people "will need to provide high-quality interpersonal services."

Interpersonal services are understood here to be uniquely human endeavors requiring skills such as creativity, emotional intelligence, and cognitive flexibility. They are uniquely human because they are not things that are easily programmable, if at all. They probably will never be truly replicated by technology. But what exactly are interpersonal services? Both words in the term are important. "Interpersonal" relates to relationships and communication among people. "Services" are about helping others and doing work. Put it together and we are doing helpful work by interacting with others in a human *collaboration*. Robots and artificial intelligence (AI) cannot do this well. Therefore, this collaboration will likely become our new human niche at work. This is where we as people will have the opportunity to bring the best of ourselves to work. The rest is subject to automation.

Fortunately for people who want to work and make a living, many jobs embed interpersonal services. For example, direct customer service, selling, working as part of a team, professional services, and a host of other jobs involve considerable interpersonal collaboration. The challenge will be for us to become better and better at providing interpersonal services and interacting with coworkers. Automation without people will not be enough. We need people to do what is uniquely human while partnering with technology, not competing against it. People need to interact effectively with customers and coworkers in order to have good jobs in the future, and businesses need people with those skills to reduce conflict and to drive performance and adaptation within the changing business landscape.

While there will be a great deal of positive impact from advances in technology, this shift is happening at an alarming rate. It is underway and accelerating. To be successful in this new world, we need robots and AI, but we also need people working at their full potential. Business agility and the reduction of conflict both depend heavily on the actions of people.

Eroding Employee Engagement

The fourth trend, disengagement, results in part from the first three. According to an Aon Hewitt report, *2017 Trends in Global Employee Engagement*, employee engagement is low, and slight improvements between 2012 and 2015 started reversing in 2016. In 2017, just 24% of all employees were characterized as highly engaged and another 39% as moderately engaged. That leaves 37% with little engagement and a downward trend overall.

There are many reasons for disengagement: lack of job security, unrewarded and unreciprocated loyalty, the threat of outsourcing, employment instability caused by the explosion of the so-called gig economy, and the changing nature of employment structures. For example, Uber drivers are not "employees" of Uber. They do not receive benefits of any kind, and Uber executives refer to them as freelance "entrepreneurs." Why should employees feel engaged and invested in their organizations when the organizations are less invested in their employees? Employee engagement and investment is a two-way street.

But why is employee engagement important? The Aon Hewitt report defines employee engagement as "the level of an employee's psychological investment in their organization." It is essentially the state of an employee's relationship with the company. Going into the Fourth Industrial Revolution, businesses will depend on their employees to drive and embrace the needed changes. However, the less engaged the employees, the less willing and interested they will be in that pursuit and in going the extra mile for their employers. And with trends like workplace conflict, human displacement, and change initiative failures, who can blame them? Our traditional approaches are only making this chronic problem worse.

The Collision of Trends

Each of these trends is unsettling, enough to keep business leaders and employees up at night. However, the problem gets far worse when we look at the collision between them. Taken together, these four trends—conflict, tremendous pressure to change our businesses and retool people in the Fourth Industrial Revolution, a poor ability to make those changes, and employees who need to help drive the change becoming increasingly disengaged—point to a large and widening gap between what we need and what we are able to do in our businesses. For example, at a time when we need people to focus more on interpersonal collaboration at work, conflict is pushing them in the opposite direction. This battle between conflict and interpersonal collaboration has to do with more than a skill gap. It also has to do with the *opportunity* and *motivation* to be collaborative. The structures and circumstances that exist in our businesses are detracting from and blocking collaborative behavior. In response, people may not see a strong "what's in it for me" and may actually feel that conflict is more advantageous than collaboration. Nevertheless, people pay a price in their performance, morale, and health when they work in an environment that is prone to conflict. This personal impact ultimately hurts the business as well. When conflict blocks collaboration, it perpetuates our poor ability to change and keeps us stuck. We are stuck in our conflict and traditional ways, which leaves us lacking in the ability to become agile, healthy organizations. In addition, this volatile and paralyzed status quo erodes employee engagement as people react to their environment with fear and frustration. In turn, this erosion further exacerbates the other three trends.

We can't ignore the essential role of people in business, now or in the future. AI is powerful, but it isn't going to run our companies or translate imagination into the next big business idea. It won't inspire people like other people can or ignite a co-creation that is far beyond the capability of any one individual. We are all being called upon to raise the bar on, well, being uniquely human. But this self-perpetuating vicious cycle is keeping us stuck.

The Time Is Now

As an executive-level manager and consultant to dozens of major corporations, I've seen the carnage from these trends up front. I can tell you that it is newly and uniquely heartbreaking to me each time. The costs are not just to financial performance and the bottom line but to real humans struggling in the face of pressure to perform optimally in a continually changing and challenging business environment, and doing so without the support they need or the proper tools to improve their own performance. They go home at night exhausted, not from the work but from the fear and emotional drain. Many worry about their jobs and are compelled to spend large amounts of time at work watching their backs. This is especially common for the more senior managers and executives. Reputations and careers are damaged and even ruined by high-profile, politically charged conflicts. Many workers suffer from almost daily conflict bred by unfortunate and poorly designed organizational structures and operational mechanisms. In the more severe cases, it's as if people are rats in a cage, and the food provided isn't enough to feed them all. People are essentially forced to fight for their survival, and they often get very ugly in the process. For the most part, people and businesses don't intentionally cause this carnage. In fact, they are largely unaware of how and why all of this is happening in the first place.

Time is now short and the pressures to solve these problems are mounting. What we have been doing *is not working*. If we keep doing things the same way, we will remain stuck. Many people will be out of work, and many businesses will simply be unable to keep pace with the changes or adapt to new opportunities and business circumstances. We would be wise to do something now, and not wait. And if all of this isn't enough, there is the bigger world picture to consider. Business has been, and will remain, a major factor in the world at a time when we face serious challenges on Planet Earth. Much needs to happen to help our people, strengthen the world community, and protect our planet. Collectively, the business community can play a leadership role, or it can make the problems worse.

These problems are happening now. It's time to do something. It's time for a new era in business.

How Business Could Be

These trends create a frightening scenario, but it doesn't have to be that way. Fortunately, there is a way through this mess—a new approach that can be used to address these trends head on.

A Vision for the Future of Business

Imagine business where conflict, the damaging kind that takes away and contributes nothing, is more the exception than the rule. We would certainly have more time to focus on doing our work and serving our customers. Because people are involved, however, we can never expect to fully eliminate conflict. But what if there was a way to significantly reduce it by eliminating things that spawn it and creating work environments and circumstances that are more about contributing than getting, more about sharing than grasping, more about collaboration than competition? There *is* a way.

Imagine an organizational ability to change that requires less effort, encounters fewer obstacles, and typically results in the achievement of sustainable change in a fraction of the time it has historically taken to either succeed or fail. Imagine a future full of creativity and innovation where people and technology form a powerful partnership. People understand that when they work together and help each other, powerful things happen through their co-creations. AI becomes very intelligent and supports this process while taking on many of the routine tasks at work. Imagine a new norm where our working environments feel safe. Collaboration is natural, effective, and rewarding. People help each other succeed. Office politics begin to fade out of fashion in favor of a more harmonious transparency. Teams are vibrant. Developing people is a privilege. Revenue and profits increase. More jobs are created.

We can transform the workplace, generate prosperity, and set a positive and responsible example for the rest of the world. This is all very possible. It can happen if we start to look at structures, norms, activities, and people from a new perspective; build our businesses with this bigger picture in mind; and advance the way we work. We can start now, and change our course.

The Language of Energy

How do we change course from our current self-destructive path toward the healthy, productive, and prosperous vision of how it can be? How can you do this in your business right now? The answer is: *We can achieve this vision by unlocking the* energy *of our businesses.* Yes, energy is something we all feel and know about but don't really talk about as we sit around our conference room tables. Our business culture generally views this topic as off limits. People are afraid to bring it up for fear they will look like metaphysical fools and find themselves at a desk in the basement. But now it's time to talk about energy; our future depends on it. Doing so will allow us to look at and understand more deeply how our businesses and people operate and to solve real problems, not symptoms.

Most leaders and managers focus on managing business outcomes, which, while important, are only about *what* got accomplished. The limited information at the surface of a business is just the tip of the iceberg. It tells us very little about *how* the work got accomplished. By managing the energy of your business and yourself, you will not only have a much deeper visibility into how work gets done, you will have tremendous insight into how you can make the business work substantially better.

You may be thinking "I already spend a lot of time working to make things better in my business." Yes, I suspect you do. But without the benefits of managing energy, you're probably working at best just below the surface of the water that surrounds your "iceberg." This book will take you much deeper. It will help you see things you have never seen, and you may well do things you have never done. It's a whole new view of the world of work.

As leaders, managers, and employees, we are charged with making things happen. Sometimes our efforts and solutions work, and sometimes they don't turn out as planned. When they don't, we try to figure out what happened, and usually we have plenty of opinions on the matter from those around us. But often we are left with a gnawing feeling that we really don't know what happened, not with any real clarity. But here is the interesting thing about this dilemma. Even when things do work, we don't know why—with any real clarity—for the same reason we don't know why things didn't work. We lack visibility and deeper understanding. So it all becomes one big crapshoot with us blindfolded and one hand tied behind our backs. And we keep rolling the dice.

Much of what happens along the path of work is invisible yet essential to the accomplishment of desired outcomes and organizational change. We need the ability to understand where things are working and where they aren't. We need a tangible paradigm that can be used to evaluate, affect, and optimize this hidden path.

I've spent years contemplating what that paradigm would be, striving to connect my direct experience in business with some sort of systematic and repeatable approach that I could share with others. Finally it dawned on me. The conduct of work has a currency, just as the conduct of commerce has a currency. As it happens, energy is the currency of work, just as money is the currency of commerce. All currency flows. At certain points in that flow it accumulates, and at others it is depleted. Sometimes the changes are explosive, and at other times they are quite subtle and slow. These fluctuations and variations are indicative of what is happening along the way. Wouldn't fluctuations and variations in the currency of work, then, tell us about what is happening in the flow of that work? In fact, they do.

Energy is the currency of every kind of work, no matter how simple or complex. To introduce this new paradigm, let's look at a sports example before we head back into the world of business.

When I was in college, I rowed on the crew team. I mostly rowed in eights, which meant there were eight oarsmen in the boat. I occupied the stroke position at the front of the oarsmen, but since we traveled backward in crew, I was the last to cross the finish line. This also meant that the puddles generated by the other seven oars in the water floated by after every stroke. Actually, we flowed past the puddles as the boat moved, but the point is they were always on display. With some practice, you can tell a lot about the stroke of an oar by the puddle it leaves. For example, a well-executed hard pull leaves a large, well-shaped puddle with a "hole" in the middle. A light pull leaves a smaller puddle with less of a hole. When an oarsman has trouble getting the oar out of the water, the puddle is distorted. So by watching the puddles from my position as the stroke oarsman, I could tell a lot about how hard and effectively each member of the crew was rowing. This was important because crew is about synchronized movement with everyone pulling their weight. If we got out of sync and I saw or felt the problem before the coxswain did, I would tell the coxswain, who sat right in front of me facing the crew, and he would shout out the feedback to the particular oarsman. As the oarsman responded, we usually got back in sync.

But it didn't stop at puddles. There were other indicators. For example, there is a physical phenomenon that strokes experience when the rowers behind them rush their slides. Rowers sit on a seat that slides backward as they take a stroke and forward as they then recover. To be in sync, everybody has to go back at the same speed and then go forward at the same speed. Sometimes less experienced crews have a tendency to go forward faster than they should, which is called rushing their slides. That means they are out of sync with the stroke, who sets the pace. The physical effect that slide rushing has on the boat makes it very difficult for the stroke to recover and move up his slide. It also slows down the boat. When this happened, at times I felt like I was expending as much energy recovering from my stroke as I did making it. Not good. And then there were the great moments in crew when everything and everybody was in sync. We called it swing. It was amazing. The boat would start to hydroplane on the water, and you could hear bubbles flowing under the hull. We were no longer eight oarsman and a coxswain. We were a single, harmonious unit.

What does this story have to do with energy as the currency of work? Rowing a boat is a form of work. The better that work flows, the faster the boat goes. Every oarsman contributes to the work by generating energy that helps move the boat forward. But we can also see that when the oarsmen were not in alignment, energy was created that actually slowed the boat down. This negative energy counteracted some of the positive energy, and the net effect was that the boat slowed down. This example illustrates that the "currency" of the work involved in rowing the boat, (i.e., the ultimate variable that determines how fast the boat goes from the starting line to the finish line) is energy. An equally important point from the story is the existence of the *indicators*—the puddles, the slides, and the bubbles. Each one provided important information about the energy in the boat. Some indicated problems that generated negative energy, and some indicated a glorious work effort.

All of these characteristics of energy translate to the world of business and organization management. The work and the indicators are different, of course, but the same principles apply. When we learn to identify and pay attention to the indicators of energy, we gain deep insights into work and how to optimize it. Since energy is invisible to most people, we need indicators to make the energy visible. Things like high performance, low performance, resistance to change, and chronic conflict are examples of the many indicators that manifest in organizations. But as in crew, in management we need a context to make sense of the indicators and understand what they are telling us. In the crew example, the context includes the work goal (moving the boat quickly), the work itself (rowing), and the involved assets (boat, oars, seats, and people). Understanding this context gives meaning to the indicators—puddles, rushing seats, and bubbles—and allows us to "see" the energy dynamics of the crew and take actions to optimize it. In business management, the context has similar characteristics to those in crew but different specifics. For example, there are work goals (e.g., a project goal), the work itself (e.g., the work of the project), and the involved assets. The assets involved in a particular context may include business elements, such as organizational structure, role definitions, business processes, systems, incentives, and the people involved in the project as team members, stakeholders, users, customers, and so on. Every work stream, from the smallest individual work effort to the largest business function, has its own context and set of involved assets. Within that context, the involved assets collectively affect the energy of the work stream, positively and/or negatively. In the work streams, what we are striving for is the business version of swing, where all the involved people and elements are aligned in their energies, which are aligned to the goal of the work. In diagnosing problems, we are looking for misalignments, because misalignments always create negative energy. In crew, these are things like a misalignment of effort among the oarsmen, misalignment in the speed with which oarsmen move up their slides, and misalignment in the timing of the oars as they enter the water for a stroke. All of these things create negative energy that slows the boat down. Once they are recognized, all of them can be corrected to optimize the performance of the crew and the speed of the boat. In business, misalignments occur at all levels. At the enterprise level, they are caused by flaws or insufficiencies in the design of enterprise elements (e.g., organizational structure, systems, business processes, departmental role definitions, incentive structures, etc.). They also occur within groups or teams due to differences in goals and agendas, variations in work effort and approach, differences in capability levels among involved people, among others. And they occur within individuals themselves in their performance of work due to misalignments of intellectual, emotional, and capability factors with what they are being asked to do and/or how they are being asked to do it. As in crew, all of these misalignments create negative energy that works against the positive energy