

MANAGEMENT EXTRA

A monthly review of current thinking in the key areas of strategy, human resources, marketing and finance.



DEVELOPING LEADERS

Andrew Mayo analyses the merits of leadership development programmes in creating the CEOs of tomorrow.

Leadership has a high profile today. It is pretty well guaranteed that every business magazine will either have an article about leadership, or feature one or more new books on the subject. Amazon UK offers 53,000 such books. Most organisations will have the development of leadership as a continuing priority, and often lament the lack of capability that they have.

Is leadership different from 'management'? My working definition of 'management' for many years was 'getting things done through people'. Today, it seems that the last two words are in a separate 'leadership' camp. Leadership is about inspiring followers, creating and articulating visions, having emotional intelligence, making strategic decisions, building and motivating teams. Organisations have invested massive amounts in these. Why then do public services often work so badly in the UK, and debacles like Terminal 5 and the bank failures occur? Is it because we have a fault in leadership of the organisations responsible? Ultimately yes – but not because they lack strategies and visions and change programmes and 360 feedback tools, but often because they have failed to invest in and value good management skills. We should perhaps be talking about the 'leader-manager' when it comes to development.

In many organisations the spend on leadership

development is probably the highest component of the training budget. At the same time they are hard put to describe in any quantitative way what it is all achieving. Paul Kearns, an outspoken expert on return on investment (ROI), hit the headlines in October 2004 after being asked to evaluate the benefits of a multi-million pound leadership development programme at the BBC. "It's the worst leadership programme and the biggest waste of money I have ever encountered. I have told the BBC this and they are not keen to hear it," he said. His argument, subsequently supported by an independent report by the ROI Institute, was that no measurable outcomes were specified at all. However, the goals, as defined by the BBC, were about building a consistent leadership culture based on a set of competencies, rather than ROI. As such, this approach was not uncommon.

Can all leaders be 'developed'?

The nature/nurture debate certainly thrives in this arena. If we take the simple definition of leadership as 'having and inspiring followers', there are certainly some people who will never do that by nature of their personality. Such people do sometimes get onto the management ladder, as their first appointment is based on their technical or specialist ability and is nothing to do with leadership skill. But hierarchical position does not equate to leadership. Organisations therefore need parallel career ladders to ensure that this does not happen.

However it is also generally accepted that personality or charisma is not enough to constitute leadership, and there are skills and behaviours that need to be developed to perform effectively within an



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organisational environment. Nature benefits from nurturing and growth. An immense industry has been built around this assumption, fuelled by powerful business schools and a multitude of niche training organisations. Organisations stipulate 'high performance leadership competencies' – sometimes using very complex descriptions of skills and behaviours that their leaders should show. This has fed a niche industry of assessment, feedback and coaching.

Most people would say that even successful leaders they have known do not behave in identical ways. They may, in fact, act very differently even in similar situations and they may have quite different personalities. Moreover, different leadership qualities may be needed in different circumstances. Churchill, for example, was a great wartime leader, but was less successful in peacetime. Similarly, CEOs who excel in turning round ailing companies may perform less well when things are on a more even keel. Successful female leaders often have a quite different approach to their male counterparts. Rob Goffee and Gareth Jones in a famous article *Why Should Anyone Be Led By You?* argued 'be yourself...with skill'.

In the early 1970s, drawing on his army experience, John Adair produced his 'Action-Centered Leadership', which was taken up by the influential Industrial Society. His three-circle model (meeting the needs of the task, the team, and each individual in the team) is not focused specifically on a set of competencies or personality traits, but on the things that have to be done to get results through people. It was significantly formative for me as a young manager of 30 people – yes, I did some leadership things with them, setting goals and providing inspiration and encouragement, but most of my interaction with my people was the hard daily grind of getting the job done together.

Jim Collins, author of the book that has topped the business charts for a long time *Good to Great* would woo us away from 'leadership is the answer to everything'. His whole thesis is against the personality cult, focusing instead on what effective leaders do. We can study great leaders but we cannot imitate them. We can be bombarded by endless research studies as to the characteristics of effective leadership. We can become self aware through feedback, and adjust some of our behaviours. We can try to create a vision with which to inspire our people. But the reality is that the vast majority of people who have a responsibility for others have limited degrees of freedom as leaders. Their objectives and agenda are set for them by others. They operate within a web of policies, procedures, systems and financial constraints, within which they are driven for results. We definitely want inspirational strategic leadership from the top, but down below we need to

get things done through motivated people, and make sure leader-managers are also competent at getting the task achieved. Those 'professional management' skills of planning, organising, scheduling, costing, controlling, project managing and so on have to be there alongside the people skills.

A holistic approach to developing leader-managers

Strategy requires a lot more than statements of direction. It needs an organisational structure that will meet its needs, and a culture – the way things are done and the belief systems within which people operate – which is equally supportive. There are then some desired knowledge areas, skills and behaviours of leader-managers which are necessary to be consistent with the structure and culture that fits the strategy. It is not just about 'what we must do' but also 'what we will not do'. Thus if we seek a team based organisation with a low level of hierarchy, this needs different skills in leading people than the more formal approach which relies on systems and controls.

The first component then of developing leader-managers is what we might call collective learning. All leader-managers need to share a learning experience which provides the awareness, knowledge, skills and insights that will accelerate the company towards its goals and enable it to meet them. This set of capabilities – especially the skills - should be limited to those that are strategically essential for all. Knowledge plays an important part here and is often underestimated - for example, a shared understanding of the environment and markets relevant to us, the financial models of the business and so on. This must all be set in the context of strategy and change and continually linked to it. Ideally, the learning will be team-based so that teams can reinforce within themselves the capabilities needed. Such 'collective' programmes may be appropriate annually or at least every two years.

The second complementary part is individual learning. Every leader-manager has a different set of strengths and weaknesses, and their role may call for specific knowledge and skills. This is where 'competency frameworks' can be used effectively, provided it is recognised that not every skill and behaviour is needed in every role. It is where the development of managerial skills, emphasised above, would also be found. Personalised and individual development journey plans are essential for all, and they must not be just a series of 'courses'. They should major on 'coached experiences' – which leads us to the next component.

There are two processes that are vital in leadership development. The first is performance management. This is not usually seen as part of leadership development, but if we recognise that most learning

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takes place on the job through real experiences we can see how important it is. This is the process where targets are set, achievement happens or does not, and where constructive feedback and discussion of results leads to change and experimentation.

What is popularly called talent management is the second – more a programme of several processes than just one. It is about identifying future leader-managers, and ensuring that there is succession and continuity for the future. It embraces coaching and mentoring, and the active management of secondments and career moves, designed to provide platforms of experience. These would form part of the individual development plan.

So what we are saying here is that ‘personal development’ on its own is not enough. We need a more integrated approach, assuming we want to build better leadership in the organisation rather than just some better leader-managers.

Measuring the effectiveness of leadership development programmes

We mentioned earlier the debate about the BBC programme and its lack of measurable outcomes. An investment in capital has to be justified by the expected returns and there are well established methodologies for assessing this. Where an investment has less direct bottom line benefits a judgement has to be made on the intangible benefits. These can still be measurable. My own company has been asked to evaluate benefits from such programmes several times. The CEO of a large retail company said to us “I have spent a million pounds on our leadership programme. My frustration is that I can see no visible signs of better leadership generally and have no idea if my leaders are better than competitors’”. It turned out that it was a programme in a silo of its own, not connected to anything else happening in the organisation, and – again - with no measurable business outcomes as goals. No system was set up to evaluate returns beyond the immediate experience of participants.

A programme which gives individual leader-managers insights into the nature of leadership development, and increases their self awareness, is very likely to be seen as beneficial by the person concerned. However the key question is whether the stakeholders in that person’s leadership development also see a difference.

What would we expect that difference to be, and how could it be defined in a measurable way? The first should be that leaders achieve better performance from their people. This would be measured by productivity – achieved outcomes related to inputs – and such an indicator should be readily available. There are contributing factors that can be assessed also – the level

of engagement of a team, and decreases in employee turnover and absenteeism. An improvement in perceived behaviours, based on leadership competencies and results of a 360 feedback tool, is often used – but this is insufficient in itself as it is not measuring an actual outcome.

Another benefit would be increased ‘internal benchstrength’ – that is, the ability to resource management vacancies from inside. Not only does this save real money in recruitment fees but the evidence is that continuity is generally good for sustainable business. So this can be measured by the number of positions with no identified successor.

Some programmes incorporate cross-functional work on business projects, and organisations use the savings achieved from these ‘if adopted’ as a justification for the programme. Unless the ideas and proposals derive directly from learning in the programme this is a questionable logic. Setting up a project team at work may have achieved the same outcome.

Conclusion

Peter Whitehead wrote an article in the *Financial Times* on 23 September this year to say that many executives were fighting shy of the media exposure that surrounded high profile jobs today. While times were booming the CEO job was enjoyable and rewarding – now it is stressful and exposed. ‘If your greatest fear is to be in the spotlight then no amount of behavioural change is going to make you comfortable in it’ he writes. Another problem is being held publicly accountable for mistakes in the organisation that one personally may have known nothing about.

The article illustrates a final important component for leadership development. For leader-managers to develop their capabilities there has to be a motivation to do so, to want to learn and change. Providing that desire is a leadership challenge in itself.

FURTHER READING

- J Adair, *Action Centred Leadership*, Gower, 1973.
- J Adair, *Effective leadership*, London, Chartered Institute of Personnel and Development, 2006.
- J Collins, *Good to Great*, Random House London, 2001.
- R Goffee and G Jones, ‘Why Should Anyone Be Led By You?’, *Harvard Business Review*, Sept/Oct 2000.