

Assessing leaders for the future

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Abstract

Purpose – *The purpose of this paper is to provide an overview of the current elements of leadership and to give the reader an idea of how to assess a leader's fit within an organisation.*

Design/methodology/approach – *This paper is a combination of a&dc's methodology and external research.*

Findings – *The main conclusion of this paper is that an "all-weather" leader has a huge role to play in the future success of any organisation, particularly in the current economic climate. However, we must learn to appreciate that one leader can do very well in one culture, but not so well in another, so it is vital that organisations have an effective assessment and development strategy in place to deliver their business agenda.*

Practical implications – *A change in the way leaders are assessed and managed is needed to ensure organisations have the "all-weather" leaders needed for future growth.*

Originality/value – *The "Five Core Elements of Leaders" is a unique a&dc concept.*

Keywords *Leadership assessment, Resilient workforce, Leadership resilience, Organizational performance, Organizational culture*

Paper type *Viewpoint*

The current economic climate has changed the landscape of business dramatically. These events have led to an increased requirement for our executives to perform as all-weather leaders; individuals with the right mix of skills and characteristics to make the right decisions no matter what the challenge. But what makes an "all-weather" leader and how do you know if they are the right person for the job?

The qualities, skills and attitudes of leaders filter down through the rest of the organisation, influencing workforce productivity and a business direction. With the right leaders in place an organisation will be in a stronger position for future progression and growth.

As the business world looks at ways to increase their advantage and encourage growth, the importance of developing such leaders has been pushed further to the forefront of everyone's minds. The results of a survey published by Henley Business School's Corporate Development team in February this year suggested that the development of key skills for leaders was still high on the HR agenda and seen as a key attribute for business growth.

According to the survey results, leadership development for senior managers was the first or second choice for 47 per cent of respondents, a 12 per cent increase from last year's survey. When these results were drilled down further to tools for business growth, 71 per cent of respondents said their number one learning priority for this year was to use learning and development as a tool to aid growth, a 7 per cent increase from last year.

This is just one of many research studies looking to analyse the current situation for HR and employee development. But what is clear from all of the discussions and surveys taking place in the business community is that leadership skills are a major factor in the growth of

organisations and ultimately the economy. With this in mind, it is vital that HR and business leaders look to effectively assess the potential of future leaders and develop them at the required pace.

A leader for all seasons

Before we look at what qualities make a leader, let us consider what leadership is. In their recent eBook *What is Leadership?* in collaboration with *HR Magazine*, Dave Ulrich and Norm Smallwood summarised that “leadership matters, because leaders are responsible for identifying and resolving the challenges of their stakeholders – customers, investors and employees. Leadership starts with better results” (Ulrich and Smallwood, 2011).

However, if you consider Dubrin’s (2001) leadership model you could say that leadership is less about results and more about the intangible aspects such as encouraging enthusiasm, drive and a trustworthy environment.

When you sit back and look at the leadership models and theories out there, it is safe to say there is a multitude of sometimes conflicting opinions and research. While there is no agreement across the board as to the exact components required to be a great leader, you can pull out some consistent themes.

The most important theme we have picked up is simply that as organisations change over time, businesses need leaders with the capacity to adapt to the changing context. By purely focusing on a leader’s individual characteristics, rather than also looking at how individual characteristics fit into the broader organisational, cultural and socio-economic context, we may lose the opportunity to evaluate and select leaders in a holistic way that will drive the business agenda. Given the unpredictable and uncertain times that we currently face, failing to take a more holistic view of leader selection is likely to diminish organisational success.

Despite the importance of selecting the right leaders, there are numerous organisations whose leadership selection process is decidedly lacking in appreciation of context and is therefore unlikely to deliver the leadership talent that is needed. More often than not, current selection approaches involve numerous interviews focused on past career history and accomplishments.

We know this approach falls short in these times. The game has changed, and agility has become one of the most important skills, if not the most important, for the foreseeable future. Does your business need leaders who will replicate what already exists or do you need something different?

The five core elements of leaders

Looking across numerous leadership theories and models (trait theories such as John Gardener’s leadership attributes, behavioural models such as Blake and Mouton’s managerial grid, contingency models such as Hersey-Blanchard’s situational theory, and Bass and Riggio’s (2006) transformational model), we see that there is broad agreement around a number of measurable elements related to personal traits of leadership effectiveness.

These all map onto the elements of a&dc’s “LIVED” leadership model, as published in *HR People & Strategy* (Volume 33, Issue 3, 2010). LIVED stands for Learning, Intellect, Values, Emotion and Drive. These elements are likely to be emphasised or weighted differently based on the particular context in which they are required.

Intellect

For our purposes here, we define intelligence or cognitive ability as the “mental activity directed toward purposive adaptation to, selection and shaping of, real-world environments relevant to one’s life” (Sternberg, 1985, p. 45). Sternberg’s theory comprises three elements: analytical, practical and creative, all of which are keys to managerial intelligence (Sternberg, 1997). Cognitive ability has been shown to be the best single predictor of job performance in

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a wide range of occupations, as well as leadership success (e.g. Dulewicz and Higgs, 2002, 2003a; Ones *et al.*, 2005). Research by Pearman (1999) reports that cognitive complexity (IQ) accounts for nearly 24 per cent of successful leadership. However, while intelligence is an important element, there is strong evidence that the brightest individuals are often not the best leaders, as they struggle to work with less intelligent colleagues. While strategic and quick thinking, Highly intellectual leaders often fail to understand and motivate colleagues (Goleman, 1995).

Emotion

Emotional intelligence is defined in the literature as the awareness of and ability to manage one's own emotions, as well as the emotions of others (Salovey and Mayer, 1990). Goleman (1995) added that emotional intelligence includes the ability to analyse and understand relationships, take someone else's perspective, resolve conflicts and manage one's own anger.

Research suggests that the most successful leaders possess high levels of emotional intelligence, while leaders with lower levels of emotional intelligence are more likely to derail from senior positions (Higgs and Dulewicz, 2002). Prati *et al.* (2003) state that “the emotional intelligence of the team leader is important to the effective functioning of the team; the leader serves as a motivator towards collective action, and facilitates supportive relationships among team members.”

Values

The Values element focuses on integrity, honesty, sincerity, trust and respect and is the basis of what many leadership theorists have described as “character.” O'Reilly and Pfeffer (2000) compared the performance of eight companies that had superior results in their sector with the performance of similar companies, matched on size and industry sector. The more successful companies had approaches to leadership that were based on values. As the authors put it, “the most visible characteristics that differentiate the companies we have described from others are their values and the fact that the values come first, even before stock price.” Their values acted as guiding principles that helped them make crucial and difficult decisions. Values have a solid base of research (Hogan and Hogan, 2001; Collins, 2001) and are clearly important when it comes to role-modelling desired behaviours and walking the talk. Self-management, e.g. courage, accounts for a little more than 16 per cent of successful leadership (Pearman, 1999).

Drive

According to Kirkpatrick and Locke (1991), drive has been referenced in the leadership literature as a broad term that includes achievement, motivation, ambition, energy, tenacity and initiative. In the current model, Drive is concerned with the engagement aspect of leadership that inspires people into action. It covers passion, self-motivation, resilience and tenacity (Dulewicz and Higgs, 2003b). Decisiveness, e.g. action and results orientation, accounts for slightly more than 13 per cent of successful leadership (Pearman, 1999).

The fifth element – learning

We see Learning as the “X” factor in this dynamic and unpredictable business world. This is the ability to learn from one's experiences and apply that learning to new and different situations. Focus on “learning agility” derives from research by Sternberg *et al.* (1995). They distinguished learning agility as different from basic intelligence and related it to concepts

such as “street smart”, “savvy,” or possessing “common sense.” Sternberg found that this learning intelligence was more predictive of organisational success than basic IQ. Eichinger and Lombardo (2004) later defined learning agility as being “able and willing to derive meaning from all kinds of experience.” Their business, Lominger (Lombardo and Eichinger, 2000), researched learning quotient across ten companies and built an informal assessment model around the trait.

Given what we know from this research, leaders who demonstrate learning agility consistently exhibit the following behaviours:

- seek out new challenges;
- seek feedback from others and self-reflect;
- record “learnings” for future review;
- evaluate their experiences and draw practical conclusions; and
- plan what they will do as a result.

Linked to these core elements is resilience, a topic which has become increasingly important in this economic climate. Resilience is a key skill that effective leaders must develop to overcome the pressures involved in the role and continuous change in the workplace.

Culture and “fit”

Determining “fit” entails evaluating the internal and external factors that define the organisation’s context, based on the current reality and the vision of the anticipated future:

- What are the external conditions and challenges that must be faced in the external environment?
- What business strategy must be executed to address the external challenges?
- Is the company growing or does a new growth platform need to be developed and executed?
- Is the current organisational culture going to facilitate strategy execution or does it need to change?

The answers to these questions help to define the skill set needed by an effective leader for that organisation.

The importance of regular review and assessment of your culture is often underestimated in times of economic struggle as other business issues become a priority. However, without knowing the current situation and where the culture should be in the future, an organisation will struggle to plan and prepare for the right type of growth.

One way of doing this is to undertake an internal culture audit. There are several tools on the market that assess internal culture. We use our Cultural Alignment Indicator (CAI), which measures where the organisation currently lies on various aspects of culture. Our tool groups these into three areas:

1. working on tasks;
2. working with people and change; and
3. learning orientation.

For the purposes of assessing and selecting leaders, we administer the culture audit to key stakeholder groups, e.g. the top team, managers and a sample from each department and level. We then have in-depth discussions regarding how much they want the new leader to fit this current culture profile – how much the individual is expected to maintain the status quo or break the mould. We have found it helpful to facilitate dialogue among key stakeholders to discuss which of the cultural aspects add most value or are most critical for success of the business strategy. This provides useful information for the preferred profile of a potential leadership candidate.

Evaluating a leader's cultural fit

It does not stop at evaluating your current culture and assessing the desired culture though. Once you have a clearer idea of the cultural traits of the organisation, these components need to be added into the assessment process for leaders.

A culture tool can also be used to assess a candidate's cultural fit. We ask the person to complete the tool, rating each scale based on his or her preferred culture. This "fit" can be defined more closely by understanding how each leadership characteristic aligns to the desired culture. For example, say your organisation would like to shift the culture to be more pragmatic with a faster pace, certain task behaviours within the culture support this and align to the leadership area of "drive." Thus, when assessing drive, it is crucial that a candidate demonstrates these behaviours to a very high degree.

Once the aspects of culture are determined and the external conditions are understood, we settle on how to best measure the five key leadership components within the LIVED model.

We recognise that learning agility is more difficult to assess than the other components set out in our leadership LIVED model. However, we must still face this challenge in times of uncertainty. Effective leaders must demonstrate this capability or risk poor performance, especially through tough and changeable times.

Leadership resilience can also be enhanced through a range of methods which focus on an individual's thinking style and their behaviour under pressure. It is important that leaders have an appreciation of these different tools and techniques so they can draw on them in tough times.

Case study: context-based leader selection at a top retailer

Company "Z," a supermarket group recognised as one of the UK's top "Every Day Low Cost" (EDLC) retailers realised it needed an infusion of new leadership talent to help it weather the effects of the world recession. Despite its favoured market position, Z was facing fierce competition. Prices were being driven down, while quality expectations remained high.

With its reputation of caring for customers, colleagues and excellence, Z was positioned to attract luxury-oriented customers forced to move "down-market." However, retailers often perceived as "higher cost but high quality" started playing a new game as well, such as pushing two-for-one type deals, targeting a population hungry for luxury at a low cost. Z faced the challenge of attracting that population, as well as other target markets. Perhaps go online? Maybe offer more non-food products, such as electrical, home ware, clothes and toys? Uncertain, it needed a shot of new thinking.

A new strategy would call for a shift in organisational culture at Z, one that promotes innovation, willingness to risk new ideas and encouraging the reflection time that accompanies learning. That kind of culture is a far cry from the fast-paced, performance-driven norms of the retail world. Z would have to synthesise formerly opposing cultural styles - fast-paced versus reflective, creative and innovative, versus highly action-oriented, an internal focus and tradition of nurturing and caring, versus and external focus on the market and frequent change.

This shift in emphasis would require more commercially oriented leaders who focus on the competition, market conditions and consumer spending habits, while remaining quick-acting and decisive with new market shifts. Currently, its leaders were respected for

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having the ability to build relationships, understand the influence on others, with high levels of emotional intelligence, integrity and levels of drive.

Z's existing leadership selection model was heavily focused on growing talent within, its leaders often selected in their own image. Promotions were made during internal talent reviews, based on anecdotal data and gut feeling, rather than objective selection criteria. It was no surprise that the prevailing, heretofore highly successful, culture went unchallenged.

It became clear that Z needed an infusion of more learning agile leaders and, in the current climate, that required new leaders placed in key roles throughout the company.

Through consultation with Z, a&dc developed the contextual behaviours required at different management levels using the LIVED model. Previous attempts to recruit leaders from the outside had not always proved successful. While these outsiders possessed the qualities existing leaders lacked (learning agility, intelligence), they did not always have sufficient levels of the culturally acceptable qualities – values, emotion and drive – to ensure a good fit with the organisation and often left soon after joining. We needed to help Z select leaders who demonstrated acceptable behaviours in all LIVED areas, but with an emphasis on learning and intellect for the highest levels of management, given the desired strategic direction.

It included a 360 feedback process, simulations, personality assessment and a structured interview. This multi-method approach provided a holistic picture of the individual while allowing robust coverage of all LIVED areas. By reviewing past experiences (interview), current performance (personality assessment) and evaluating performance in a new situation (behavioural simulation), it allowed us to explore the individual's level of learning agility and how readily they could transfer their knowledge and experience, and apply it in a different context.

The outputs allowed the executive team to identify which individuals had the traditional and culturally acceptable profile and which individuals could potentially add something new or different to senior management, particularly in the areas of learning and intellect, where current leadership skills were weakest. This information could then be used to make talent decisions for internal colleagues and to identify where external talent should be recruited into the business.

Participants, HR and executives have all received this process very positively, with 95 per cent of all feedback being enthusiastic. It provided decision makers with the information that led to discussions of how to develop more strategic and learning agile leaders through job and project rotations. Already there has been recognition that every individual has different things to contribute to the business and that having a "one-size fits all" leader can create problems. Elements of learning are now viewed as key levers to pull, not only to improve individual leadership effectiveness, but also broader organisational effectiveness.

Conclusion

The "all-weather" leader has a huge role to play in the future success of any organisation. However, we must learn to appreciate that one leader can do very well in one culture, but not so well in another, so it is vital that organisations have an effective assessment and development strategy in place to deliver their business agenda.

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