

January 2010

the
Forton
Group

DEVELOPING
A
LEADERSHIP
CULTURE

Report summarizing the Forton Group 2010
leadership culture survey

igniting
excellence
in leadership

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Acknowledgements

The report was written by Helen Caton Hughes, CEO, The Forton Group, who provided the analysis and Bob Hughes, Chairman, the Forton Group, who commented on the findings. The authors would like to thank the respondents and the data collection team, notably Cynthia Callouri, Director of Faculty and Programmes, and Claudette Bertrand, who collated the data.

Please have your say and contribute to the Forton Group's 2011 report on developing a leadership culture by completing the survey at <http://thefortongroup.com/surveys/dl/>.

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Overview

Leadership has always been important in organisations. What's interesting right now is how the contribution that leadership makes to the overall success of companies has been steadily rising, as the scale, speed of change and level of challenge has grown.

2010 sees many countries slowly coming out of recession, although pundits are yet to agree on the permanence of this recovery. The year will still see difficult conditions in all sectors, and what we do know is that after any recession, some companies recover faster than others, whilst others fail quite quickly even after the recession is officially over.

So what is it that makes the survivors thrive? Early, targeted investment is often cited as key: the winners take calculated risks in order to prepare better for the upturn. That investment can be in any area, but, given the increasing importance of leadership to success, then we'd expect to see the best companies investing in developing a culture of leadership.

This report shows that leadership remains a topic of huge importance to the survey group. Developing existing leaders and their high potential leaders was important for all. When budgets are constrained, focussing the investment into the areas with the highest return is especially important and we see that here – there's a higher priority given to the development of the high potential leaders.

Investing in the best makes a huge amount of sense and yet it is still tempting to try to "fix" the worst performers. Think about the time and effort we put into the minority who perform badly and then how much better return on investment we'd get from investing that same time in the best.

So what works? Leadership coaching was the second highest intervention – confirming what we have seen, that coaching is a very cost effective way of building leadership. Training courses can be effective, and yet they can be many times more so, with the benefits lasting longer, when combined with coaching. Having leaders who are more coach-like in the way they operate is another benefit – and this links in with engagement, another area shown in here to be of high priority

Lord Mandelson, in the recently published Macleodⁱ report on engagement says "only organisations that truly engage and inspire their employees produce world class levels of innovation, productivity and performance" We know that engagement happens because good leadership happens - hence the importance of building the right leadership cultures.

This report is a brief snapshot: yet it provides some good indicators as to what is happening today. It will be fascinating to see how the story evolves through the next 12 months.

You can have your say and contribute to the Forton Group's 2011 report on developing a leadership culture by completing the survey at <http://thefortongroup.com/surveys/dl/>.

Bob Hughes PCC
Chairman, The Forton Group

The Survey

The aims of this survey are to cover four key areas:

1. Leadership development: its importance and the priorities in respondents' organisations
2. Interventions: the leadership development initiatives used by respondent organisations
3. Outcome measures: if and how impacts of those interventions are measured
4. The evidence: impacts of leadership development initiatives and practices

The majority of the questions required tick box answers; with space provided for free-text comments.

Within the report we will explore the importance and priorities within organisations and who (by job title) is implementing leadership development interventions.

NB: This survey was run for the first time in December 2009 in the United Kingdom during a period disrupted by severe weather. Respondent numbers were less than 100 and the findings from this report should be considered as a baseline for future surveys and a starting point for discussion, rather than a statistically-significant study.

Definitions:

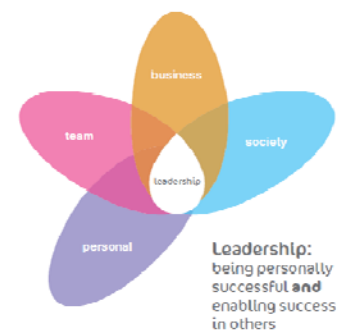
Quoting Edgar Scheinⁱⁱ, this survey starts from the premise that "culture" is the "shared thinking of the group" and that "culture defines leadership".

The Forton Group defines 'leadership' as being about personal success and enabling success in others. Based on a 'whole systems' modelⁱⁱⁱ, this approach to leadership is about the individual, the team, the organisation and the wider society.

The Farsight Leadership Diagnostic model^{iv}, a self-assessment and 360° tool used by the Forton Group to support leadership development describes and develops leadership on 3 levels:

- The leader's inner self
- Leadership Drivers
- Leadership Competencies.

Leadership operates in a wide range of contexts which place their own unique demands on leaders. We make a distinction between the role of the *leader* and their personal development, and the need for *leadership*^v within organisations, where many individuals, regardless of job title or rank, can take responsibility and accountability in situations thus enabling the group to be successful by their actions and influence.



“Failure to retain or recruit the right people could seriously prejudice the conduct of the project and its outcomes.”

Part One: Organisation Development: Creating a Leadership Culture

This section covered six topics relevant to creating a leadership culture

- Developing a leadership culture
- Developing Existing Leaders
- Developing High Potential Leaders
- Retaining Top Talent
- Employee Engagement
- Performance Management

Three questions were asked around each topic:

1. In your organisation, how important is (the topic)?
2. To what extent is your organisation actively engaged in (the topic)?
3. How high a priority is this topic in your role?

The thinking behind the three questions in this section was the hypothesis that, while organisations may understand the theoretical need for developing a leadership culture, actual engagement in the development may not reflect that level of identified importance. Put frankly, for some organisations it may not currently be as high a priority in practice as it is in theory.

Findings:

- **Developing a leadership culture:** 90% of respondents indicated that developing a leadership culture was important, 45.5% are actively engaged in developing a leadership culture and 36% moderately engaged. 82% said that this topic was a high or ‘very high’ priority.
- **Developing Existing Leaders:** 82% of respondents said that developing existing leaders was of high or very high importance; a similar number were engaged or highly engaged in this activity and 27% said that this was a ‘very high’ priority, with 53.5% saying it was a medium or high priority.
- **Developing High Potential Leaders:** nearly 64% of respondents reported that this was of very high importance with 45.5% very actively engaged in this activity and 82% saying that it was a high or very high priority for them.
- **Retaining Top Talent:** nearly 73% of respondents identified this topic as of ‘very high importance’, 45.5% are moderately engaged in delivering on this area and 54% identifying at a very high priority for them.
- **Employee Engagement:** 63% of respondents said that this was of ‘very high importance’, with 45% actively engaged and only 18.2% very actively engaged in delivering on it; nearly 82% say that it is a high or very high priority.

- **Performance Management:** 100% of respondents say that this topic is of high or very high priority; with 45% actively engaged on it and 36% very actively engaged. 54% say that it is a very high priority for them.

“Leadership is about sharing a vision, and helping people take ownership of it, and creatively change the world to achieve it.”

It should be pointed out that recognition of the importance of a topic does not automatically mean that resources are available to deliver that agenda. Some organisations separate ‘leadership development’ from ‘performance management’ systems and in some, HR teams have overall responsibility for these topics, while in others, an OD division may have control.

We asked respondents to comment on why it is, or is not, a priority for their organisation to create a leadership culture:

- *“In order to drive a high-performing culture, we need to be clear about our expectations of employees. Therefore strong Leadership drives what is required to act as a foundation for organisational culture.”*
- *“Using Effective Leadership is important to articulate values, competencies and personal attributes to create a common understanding about what is expected of employees, which ultimately drives a high-performing organization.”*
- *“So as to become the industry leader by choice and reputation.”*
- *“Significant change and challenges going forward the organisation will have to operate in very different ways and rely much more on locally based decision making, and will have to get much better at transferring learning from one team / area to another.”*
- *“The organisation is 'semi' military and the workforce is something of a captive one with a low turnover, so objective performance management is very important to ensure you get the best you can from those you have; honesty being the best policy - there is no room for passengers!”*
- *“Leadership is about sharing a vision, and helping people take ownership of it, and creatively change the world to achieve it..... In that sense, we all need to practice leadership.”*

The comments selected above range from the pragmatic through to the ideal, and all make the link between the individual and the organisation, as well as the link between leadership and performance and leadership and competitive advantage. Overall, the theme of leadership and its impact on success through employee performance appears to be well-understood by respondents, regardless of where they sit in the organisation.

Part Two: Leadership Development Initiatives

Respondents were asked to list all interventions used in their organisation to develop leaders (individually or in groups):

Findings:

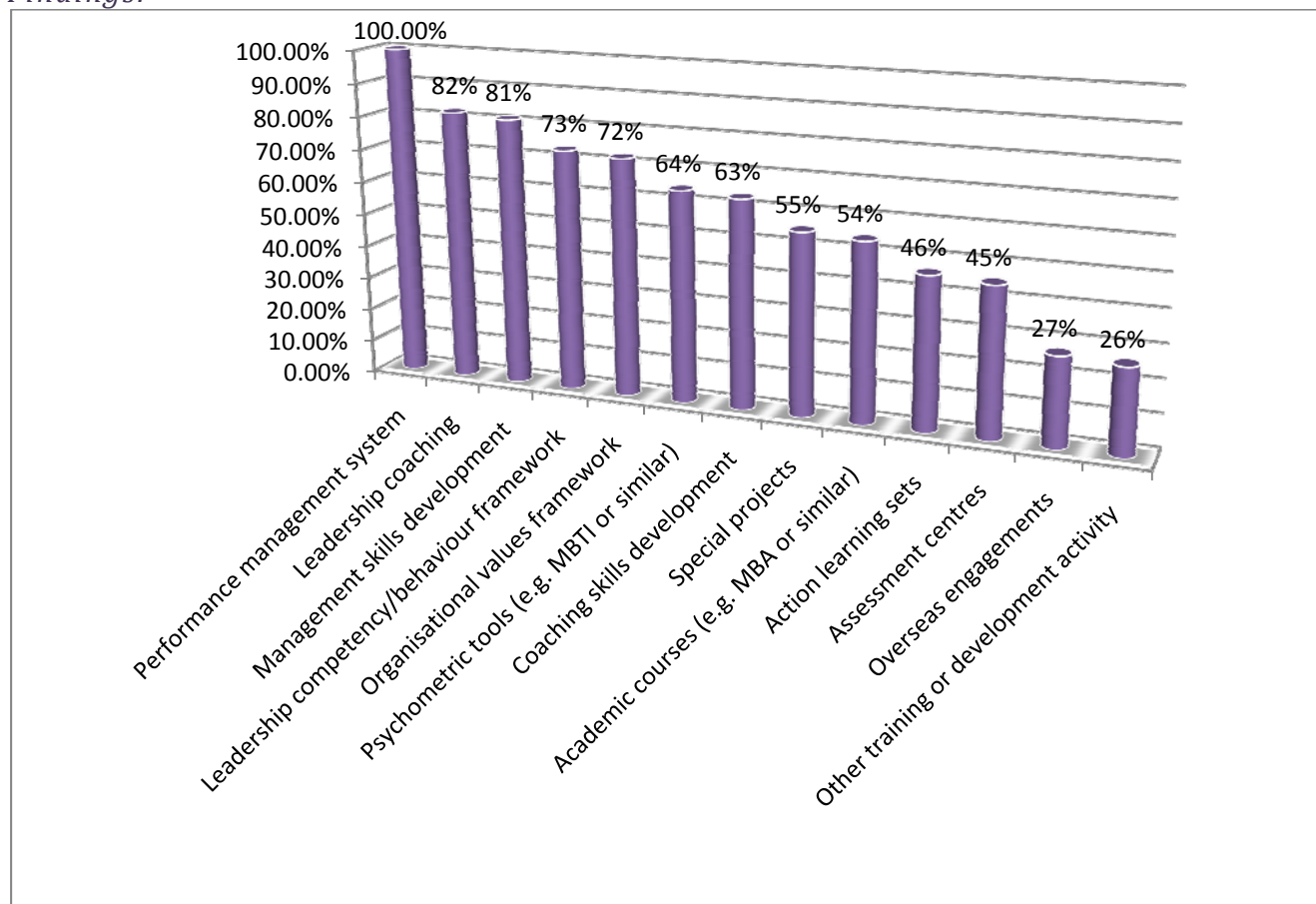


Figure 1: Leadership Development Initiatives

'Other' includes e.g. Leadership Development Sessions (12 months plus)

Respondents were also asked to comment on any aspect of leadership development interventions in their organisation

- *Leadership Development Programme is excellent as an investment in tomorrow's leaders.*
- *We have two separate programmes - one for leadership development and one for management. The management programme is compulsory for anyone who is a line manager and covers the best practice and process elements of management. The leadership programme is selective and has the ethos that leadership can occur anywhere - as such, it is not simply a sheep dip for the top 200. Anyone at any level can apply for the programme and they then go through a rigorous one day selection process. The leadership programme has recently won a number of awards for innovation and for organisational change impact.*
- *Given the nature of the organisation, the scope for external support is limited and much of the above activity is generated and taken forward in-house, whether this is the best approach is a question worth debating!*

Part Three: Measuring the Impact

Evaluation forms: The majority of respondents use evaluation forms as a way of measuring the impact of their initiatives (all except special projects and overseas assignments). The five most popular (in order) are:

1. *Leadership coaching* 45%
2. *Coaching skills development* 45%
3. *Assessment centres* 36%
4. *Leadership competency/behaviour framework* 36%
5. *Management skills development* 27%

Of note are the initiatives that attract least participant evaluation:

- *Psychometric tools (e.g. MBTI or similar)*
- *Performance management system*
- *Overseas engagements*
- *Action learning sets*
- *Special projects*

It is reasonable to assume that, for overseas engagements and special projects, participant evaluation may take other forms, such as a review process. However, for participants not to be invited to provide an evaluation of the investment an organisation makes in them via action learning sets, psychometric tools, or the performance management system may be short-sighted, especially given the importance attributed to the latter by respondents.

The four Kirkpatrick^{vi} levels of evaluating training can reasonably be applied or adapted, to other initiatives, as they essentially measure:

1. The participant's reaction - what they thought and felt about the intervention
2. Learning - the resulting impact on knowledge or capability
3. Behaviour - extent of behaviour and capability impact and implementation/application
4. Results - the effects on the business or environment resulting from the participant's behaviour or performance

This last factor, 'Results' has created Return on Investment (ROI) and Return on Effort (RoE) methodologies which were used at a low level consistently by respondents. A larger number used the Balanced Scorecard methodology, especially in the areas of performance management and leadership coaching; however, the balanced scorecard methodology records activity or the process, not the impacts.

While measuring reactions, learning process, and new behaviours as a result of developmental interventions contribute to the overall understanding of where or how an initiative has impact on those factors, it is the results that provide the evidence of impact on the bottom line.

It is also paradoxical, yet true, to say that the outcome of any activity may not reflect the quality of leadership displayed, as the true outcomes of leadership are not immediately apparent. How we measure 'leadership', particularly in today's economic environment, may require a new and different approach.

Part Four: The Future for Leadership Development

“Everyone can be a great leader during the easy times - with the bonhomie and camaraderie, it's during the tough times that true leadership comes out.”

The final survey theme was asked as an open-ended question: *Thinking about your role in leadership development, what are the key issues and priorities facing you in 2010?*

A variety of responses have been selected to illustrate different themes which many readers can relate to (emphasis has been added by the authors):

- “To drive **effective leadership** across a matrix management organisation”
- “**Work life balance** to ensure that sufficient time is allowed to **develop tomorrow's talented leaders** in a dynamic and recessive economic environment. “
- “Providing the opportunity for **staff to apply learning in practice**. Learning needs to be embedded in daily work.”
- “**How to lead during tough times**. We're facing challenges in the public sector (local government) that haven't been faced for decades. This is going to require something very different in our leaders. Everyone can be a great leader during the easy times - with the bonhomie and camaraderie, it's during the tough times that true leadership comes out. The ability to keep one's head whilst all about you are losing theirs, keeping one's energy up in order to help those you lead to keep going. It might seem soft and fluffy but it's tough stuff.”
- “Developing **culturally appropriate** and well received leadership development programmes“
- “As a Project Director the key priority for me is to **retain the core project team** and add other skillsets or individuals as necessary. Failure to retain or recruit the right people could seriously prejudice the conduct of the project and its outcomes. So, the balance for me is to **drive the project forward, potentially being quite hard, without losing the input support/commitment of the staff.**”
- “**Best results for the best price!**”

For leaders in the public sector, the pace of change may lag behind the fortunes of the private sector – where change was imposed within days and weeks of the ‘credit crunch’ rather than months and years of public sector budget allocation. Similarly the charitable sector was hit immediately and hard by sudden drop in income across the sector, compounded by a poor exchange rate which affected charities working overseas. ‘Effective Leadership’ is, therefore, driven by context and what is appropriate in one sector, may not translate into another.

Appendix: About the Forton Group

Leadership is an essential quality when times are trouble-free and critical when times are tough. To bring out the best leadership qualities in your people we recommend you bring in the experts in leadership to support you. The Forton Group provides leadership development services including consulting, coaching, mentoring and training solutions.

Research

- Assess what a *leadership culture* looks like in your organisation
- Identify key development needs and senior level expectations
- Measure the business impacts of key HR/OD initiatives

HR business partner skills development

- Creating 'Trusted Advisors'
- Enabling value-add relationships
- Supporting employee engagement
- Developing top talent

Professional coach training

- Internal coaches can achieve International Coach Federation accredited qualifications
- Creating and supporting sustainable internal coaching initiatives
- Supervision for internal coaching communities

Leadership development

- Diagnostic tools and assessments, including the Farsight Leadership Diagnostic
- One-to-one leadership coaching – igniting excellence in leadership
- Team coaching – creating cohesive high productivity, high positivity teams



We focus on key OD areas:

1. Creating a leadership culture
2. Developing existing leaders
3. Growing high potential leaders
4. Retaining the top talent
5. Supporting a coaching culture
6. Employee engagement programmes
7. Performance management solutions
8. Successful change management
9. Career support

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Appendix: About the Survey Respondents

Job Title

We asked respondents to define themselves by job title as we believe that this will be useful to readers; especially from the perspective of who, in an organisation, has a professional interest, or stake in, developing a leadership culture.

We make a distinction here between having a stake in the development of a leadership culture and the actual responsibility and/or the accountability for leadership development.

Findings:

- In larger organisations job titles ranged from HR Directors or Business Partners, Learning and Development Managers and Directors, Talent and Reward Directors, and Heads of Professional and/or Leadership Development. Only a minority actually have the word 'Leadership' in their job title.
- Other respondents with a stake in leadership development include Programme and Project Managers, Directors and Heads of - strategy, projects, programmes, product improvement and customer development.
- In SME organisations respondents included the MD or Chief Executive: a reflection of the multiple skills required at the top of smaller organisations.

Organisation size and type

As leadership development has more to do with people than turnover, we asked respondents to define their organisations by the number of people employed.

Findings:

- Respondent's organisations included the public, private and charitable sectors from large corporates to Small/Medium Enterprises (SME's)
- Respondents' organisation sized ranged from SME (3-200) through to major national and international organisations up to 33,000, where the average size is over 8,500 employees.

NB: The NHS, one of the largest 'employers' in Europe is currently undergoing further structural upheaval, respondents from this sector defined their organisation at a more local level (e.g. Foundation Trust).

Appendix: About the authors

Bob Hughes PCC

Bob is an expert in leadership development, employee engagement and creating internal coaching cultures. Formerly an IT programme manager for an international organisation of 200,000 people, Bob has first-hand experience of leading large teams and delivering on major projects. An international speaker on people and organisation development topics, Bob works with senior leaders to identify leadership needs, create strategic leadership systems and develop individuals to build successful organisations.

Bob is the co-designer of the internationally-accredited Professional Leadership Coach Training Programme, and an experienced executive and leadership coach, accredited by the Coach Training Institute and the Farsight Leadership organisation.

Helen Caton Hughes MA DipM ACC

Helen is a qualified and experienced leadership, performance & career coach, accredited by the International Coach Federation, by Team Coaching International and by the Farsight Leadership organisation.

Helen has a Masters Level degree, and Chartered Marketer status with the Chartered Institute of Marketing. Helen works at senior levels with major companies like the UK National Health Service (NHS), BT and Network Rail, providing consulting, coaching and training. She has worked at international and national government levels, for UK local authorities, health authorities and health trusts. Helen is also experienced in working with charities, not-for-profit organisations and social enterprise.

Helen is a published author and researcher, in diverse fields from defining leadership cultures to volunteering.

References

Please have your say and contribute to the Forton Group's 2011 report on developing a leadership culture by completing the survey at <http://thefortongroup.com/surveys/dl/>.

You are welcome to quote from this document on condition that the following reference is used:
“The Forton Group: Developing a Leadership Culture, 2010, www.thefortongroup.com”

Other references:

ⁱ D. MacLeod & N. Clarke, *Engaging for Success: The MacLeod Report*, 2009

ⁱⁱ E. Schein, *Organizational Culture and Leadership* (1985)

ⁱⁱⁱ K. Wilbur, *A brief history of everything* (2007)

^{iv} For further information about the Farsight Diagnostic Tool: leadership@thefortongroup.com

^v E.g. Boydell & colleagues, 2004; Grint, 2005 and Northouse, 2004

^{vi} Kirkpatrick *Evaluating Training Programs: The Four Levels*, 1998