Beyond Leadership Development….

Designing a Leadership Development Programme to Build Personal, Social and Organisational Learning and Development

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Executive Summary

In this article we would like to outline the approach that we, as Professorial Associates staff, took in designing a series of leadership development programmes for a local bank. The participants on these programmes were from two levels in the organisation. A group of senior managers which was being prepared for Board membership – **the Executive Potentials**, and a group being prepared for senior management positions – **the High Potential** group.

The design of the programme included a number of unique features which, when taken together led not only to the development of these managers as individual leaders, but led to the development of the personal, social and organisational capital of the bank, something we identify as the **Leadership Fabric** of the bank. This Leadership Fabric is the soft capital of the organisation. It pervades all aspects of the organisation’s functioning, it affects the mindsets of all employees, it is not limited to formal leaders or managers of the organisation, and it creates ways of sharing knowledge, insights and best practice from all levels of the organisation.

The development of this soft capital was the result of the design choices and management development strategies that were incorporated into the programme. There were a number of elements to the programme. Participants received a **360-degree feedback report** on the **Lominger Competency framework**. This contributed to setting individual learning goals and to the design of workshops for all participants. The workshops were designed to develop the competencies of the **Executive Potentials** in areas such as **Visionary Leadership**, **Business Strategy** and **Cultural Competence**. For the **High Potentials** the competencies covered **Managing Results** and **Managing Relationships.**

We believe Leadership cannot be learned on a seminar. Essentially it is about getting things done through people, and so we included individual **Action Learning** projects into each seminar series. Each participant had to identify a project which they thought would bring value to the bank, and get approval to pursue the project. Learning sets were set up which included people from different countries and from different functions. We wanted to make the learning experience as varied as we could.

For the **Executive Potentials** two other elements were included. One was the **Mentoring Programme** in which senior Board members, some of whom would be retiring in the not too distant future, were trained to mentor the Executive Potentials. This was intended to be an ongoing process which would continue until the Executive Potential was considered ready to join the Board. The second element was a number of **Scenario Planning workshops**, in which the participants, working in small groups would be asked to work out what the implications for the bank would be if a particular economic scenario played out, for example a sudden and unexpected rise in interest rates in the USA by 1%. What are the implications for the bank and what should the bank’s response be? Their ideas were then shared with the Board in the discussion that ensued both parties could learn something about the strategic risks facing the bank, and the flexibility of response needed to cope with “black swan” events.

The net result is to create a sustainable leadership development system for the client. It is a system that creates, transfers and exploits the knowledge and skills of the senior management team of the client over the long term. This wisdom passes from one generation of senior leaders to the next, but it is constantly being created, recreated and updated as the managers learn from changes in the evolving banking environment. This creates a sustainable competitive advantage for the organisation over its competitors, and establishes a dynamic **“Knowledge Treasury”;** this is the long term compound return on investment in these programmes.

This approach is the hallmark of the **engagement process** which **Professorial Associates** undertakes with all of its clients. We get to know the strategic challenges facing a client, and conduct a thorough diagnosis of all of the factors influencing the client’s business at that time. We spend time clarifying with the client the aims and objectives that the client has for the business, and how we might contribute to the achievement of those objectives. We then design a plan of action, a programme or a project which will bring about the changes that the client is looking for. It is in designing the intervention that the unique skills of Professorial Associates are utilised to the full. The interventions we design are innovative and challenging. We bring out the best in your staff as they rise to the challenge of creating a new future for themselves and the business. To do this we rely on the insights that the Associates have into the application of behavioural sciences, their cutting edge understanding of the design of management development activities, and their understanding of administrative science, as we transform the culture and processes of the business.

Beyond Leadership Development…

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…But at the heart of the design of the leadership development programme we outline here was a decision to improve not only the organisation’s **individual capital**; not only the **social capital;** but also the **organisational capital** of the client, into a **sustainable leadership development system** we call this the **Leadership Fabric** of the business**.**

Synopsis

**Introduction**

The aim of most leadership development programmes is to develop the individual skills of executives, either to prepare them for the challenges of their next promotion, or to address some shortcoming in their current level of performance. This focus on the individual is reflected in the design of the programme and the evaluation of the success of the impact of the programme. The learning objectives of the programme are usually couched in terms of the development of individual competences; the design of the programme includes conceptual and experiential elements which are primarily focused on the learning needs of the individual participants; and finally the assessment of the effectiveness of the programme usually involves the assessment, by the participants, of the impact and relevance of the programme on their personal learning needs.

In essence this focus on the INDIVIDUAL is LEADER development, and fails to look at LEADERSHIP at an ORGANISATIONAL level. This sees LEADERSHIP as a characteristic of the organisation, which is in part determined by the actions of individual leaders, but also by the context in which the leadership is practiced. We take a broader view of leadership development in the organisations we serve. Certainly the individual skills of leaders need to be developed, but it is the potential of developing networks between leaders, and of developing network relationships with followers, as well as changes in artifacts and the culture in which leadership is practiced, which provides new dimensions to leadership development. We call this the **Leadership Fabric** of the organisation. This Fabric is not only a result of the behavior of individual leaders, but also the synergy between leaders, and between leaders and followers, as well as the ongoing creation and recreation of systems that support the development of the organization.

# The background

The client was the recently appointed CEO of a successful local bank. One of his early priorities was the development of talent at all levels so that a sound succession plan was in place.

He charged his training and development team with the responsibility of identifying the talents in the organisation and designing a training plan, in collaboration with key external providers, to deliver leadership development courses that would ensure that key leadership talents were in place. We were invited to develop these leadership development courses for the top two tiers of the management hierarchy below Board level.

The engagement with the training and development team was a protracted affair. Initially we were in competition with other external providers to win the contract for the training programmes, and the time between the initial contact to running the first of the programmes was nearly two years. During this time, we concentrated on getting to know and understand the nature of the client’s business and the culture of the bank as well as we could. We presented an outline of the approach we wanted to take to the training and development staff, and this really seemed to capture their interest and attention. The realisation was that we were focusing not only on the development of individual leadership capabilities, but also creating systems for ongoing leadership renewal of the bank captured the imagination of training and development group.

We worked on the development of the details of the programme in close cooperation with the training and development group, and were eventually invited to present our proposals to the Board and CEO. The proposal was warmly accepted, and in preparation for running the first programme Professorial Associates staff were trained on the framework that was going to be used for 360-degree feedback to the participants.

In setting objectives for the training courses the training and development team had identified the Lominger Competency framework as the basis for setting the learning objectives of the programme. This not only gave a framework of Competencies at various levels: Strategic, Operational, Interpersonal etc., but also had associated with it a 360-degree feedback instrument. This instrument gave participants insight not only into their areas of strength, but also their needs for Competency development. If these needs were unaddressed then the participant’s advancement might be blocked.

The Lominger Framework was developed by two consultants, Michael Lombardo and Robert Eichinger.

They define a Competency as a skill, behavior and attitude that leads to managers’ high performance in organisations.

The Framework identifies 67 Competencies and 19 Career Stallers and Stoppers.

The Competencies are broken up into 6 major clusters: - Strategic Skills; Operating Skills; Courage; Energy and Drive; Organisational Positioning Skills; and Personal and Interpersonal Skills.

The Career Stallers and Stoppers can prevent a manager from succeeding, and were broken into 2 clusters; Trouble with People and Trouble with Results.

The Framework enables talent development experts in an organisation to identify the competencies required by managers at all levels to lead the organisation to face the opportunities and challenges that will confront it in the future.

Associated with the Framework is a 360-degree feedback instrument by which a participant can get feedback from those that he/she works with closely.

The Lominger Competency Framework

As outsiders, the staff of Professorial Associates were seen as an ideal source for the 360 feedback, since we had the credibility to explain the Competency dimensions, and were independent from the client organization and could feedback sensitive personal information to the participants in complete confidence. The ratings would only be known to the participant and the Professorial Associates staff, they would never be disclosed internally.

# The Development of the Intervention

Initially we were asked to design training courses for two levels of executives, one which was termed the “**Executive Potentials**” - senior managers below Board level who were being groomed for Board membership, and “**High Potentials**” - being groomed for senior management positions. But as we got to know the client better we became aware of a group of Board members who had had very successful careers and were approaching retirement. It was their succession that was being planned for and it seemed a waste that their skills and knowledge would be lost when they walked out of the door. So we began to think how we could capture their skills, their deep knowledge of the banking industry, and their implicit knowledge of the informal organisation of the Bank and how to get things done.

A management development technique developed by Reg Revans in the UK which involves getting the managers to work on challenging projects, very often outside their immediate technical capability, and implementing a solution to a problem or achieving the objectives of a project.

It involves taking action to in an uncertain situation, and the successful completion of the project is something that can have consequences for the manager.

It is done in real time and it has real risks for the manager. Failure on the project will affect the perceptions of him/her and his/her capabilities, and that can affect his/her career.

ACTION LEARNING

# The design of the interventions:-

For the **Executive Potentials** there were three key elements that were needed for their new roles;

**Visionary leadership** – these senior executives would be managing large business functions or geographic areas, it was essential that they could create a vision of the future that would give clarity and a sense of direction to their subordinates;

**Business Strategy Blueprints** - they needed to manage for the long term success of the bank and develop strategies that could deal with the exigencies of a changing business environment; and

**Cultural Intelligence** – to assist the bank in its aggressive policy of moving into international financial markets. These modules were each delivered in one week workshops.

For the **High Potentials** two modules were considered sufficient**;**

**Managing Relationships** – with their team and cross functionally, and dealing with conflict and negotiation; and

**Managing Results** – motivating staff and managing performance, managing change, managing in an uncertain environment.

Again these modules were delivered in one week workshops.

But we believe that leadership success is not something that can be taught in a seminar. While knowledge of the business and how to manage may be essential for success, it is not sufficient. Leaders need to be able to make things happen and make progress even when it might not be clear what to do next. They need the ability to sort things out as they go. To try things out and learn from their experience, whether that be success or failure. This is why we introduced a key developmental element in both programmes which was **Action Learning.** We wanted the projects to be “real” in the sense that we wanted the projects to relate to the participant’s current jobs. This was done for two purposes. One was that the solution to the problem should be something that should have an immediate benefit to the organisation. The second was that we gave the responsibility for framing the project or problem to the participant. We were asking them to consider ways in which they could improve the business processes that were under their control. They were responsible for choosing the level of challenge, or difficulty of the project they undertook. This could give some understanding of their ability to identify a project that could have a significant impact on the strategy or bottom line of the business. One important point was that It also gave them legitimacy to question current practices and try to improve processes. This freedom is not something which is common in many businesses, either in the West or more specifically in East Asian organisations. If they were successful, both they professionally could benefit considerably, and the bottom line of organisation could be significantly improved. But if they chose safe projects, which were easily achieved then perhaps they did not have the self -confidence or caliber to make it to the top.

For the **Visionary Leaders** - they were asked to identify “What the Bank should be doing differently to enhance its value.” Since these projects have a strategic impact they would have to get clearance from the Board, so the participants would have to convince the Board members that their ideas were sound before they got the green light to go ahead. They would have to get the cooperation of various divisions and deal with resistance to the change they were suggesting. Finally, they had to make it work and deliver the benefits they foresaw. Clearly this is very challenging, but it gave an opportunity that had never before been made available to them.

For the **High Potentials** – they were asked to identify “Changes I want to bring to the organisation.” Since most of these managers were already acting as departmental mangers the project gave them the discretion to change things which could lead to operational efficiencies. This might involve other interdependent departments so the change would have to be sold to the other department in order to get buy in. Again there is an immediate pay off for the organisation, and the manager builds a sense of ownership and control of the change and a realistic sense of his/her own capabilities. This process empowers the manager and build his/her self-efficacy.

We also saw that the **Visionary Leaders** would need to develop a clear sense of the strategic challenges and the options open to the Bank, the issues involved in introducing change into the Bank, in the fast moving and turbulent business environment of the banking world. So we adapted the idea of **Scenario Planning** to give them the challenge of developing a flexible mindset in determining the Bank’s response to disruptive events. We suggested that every few months the Board would identify a potential disruptive changes to the Bank’s environment. For example, one Scenario might be that the Central Bank of Korea decides that it will give a stimulus to its economy by quantitative easing and releasing US$ 50 billion over a three-month period. What should the Bank’s response be? These scenarios do not have to be a realistic assessment of what is likely to be, but the learning comes from being aware of the need for flexibility in the bank’s response to these black swan events. Having given the participants, in groups of 5-6 participants, a few days to develop their suggested response, they then fed back their responses to the Board for their comments. The learning here is likely to be two-way, a true conversation between the Board and those aspiring to join.

This leads onto the **Mentoring programme**. You will recall that we wanted to use the senior Board members who were going to retire soon as mentors for the participants. The value here is that it is not just for the benefit of the participants but also to the whole organisation. The Board members have developed insights over many years about the Bank, Banking and the Banking industry. When they retire that implicit knowledge could walk out of the door with them. We decided that we wanted to capture those insights and make them available to the participants. We thought that if these senior managers could be developed as mentors to the participants, then they would have a valuable learning opportunity. We want to give the participants the opportunity to develop managerial judgement and wisdom by learning from those senior managers who have developed judgement the hard way.

ADDITIONAL ELEMENTS FOR VISIONARY LEADERS

**Scenario Planning**: the challenge of developing a flexible mindset in determining the bank’s response to disruptive events. A conversation takes place between the Board and those aspiring to join.

**Mentoring Programme:** Senior Board members as mentors for the participants. implicit knowledge and understandings made available, to develop managerial judgement and wisdom

# The added value of the Professorial Associates approach

The deep understanding that we developed of the client’s needs and circumstances, and the application of innovative management development techniques allowed us to create a **sustainable leadership development** **system** for this client. It is a system that creates, transfers and exploits the knowledge and skills of the senior management team of the client over the long term. This wisdom passes from one generation of senior leaders to the next, but it is constantly being created and recreated as the managers learn from changes in the evolving banking environment. This creates a sustainable competitive advantage for the organisation over its competitors, and establishes a dynamic **“Knowledge Treasury”**;this is the long term compound return on investment in these programmes.

This **Knowledge Treasury** is the true **legacy** of the programme and is based on developing the long term **“soft capital”** of the business; developing **individual capital** in the skills and insights of individual participants; developing the **social capital** that shared between groups and networks; developing **organisational capital** held in the organisation’s processes, in the culture and databases established during the programme. It is this soft capital which is the **Leadership Fabric** of the organisation. It pervades all aspects of the organisation’s functioning, it affects the mindsets of all employees, it is not limited to formal leaders or managers of the organisation, and it creates ways of sharing knowledge, insights and best practice from all levels of the organisation. The development of this soft capital was the result of the design choices and management development technoques that were incorporated into the programme. Individual capital was developed by the workshops focusing on managerial and business competencies, the Action Learning projects, and the Mentoring scheme. Social capital was developed by small group Action Learning sets, and the Mentoring scheme. Organisational capital was created by the solutions to the Action Learning projects which became incorporated into the organisation’s operational procedures, the discussions during the Scenario Planning, and the Mentoring scheme.

You might recall that we were first approached to develop leadership development courses to meet the needs of individual managers who might transit into senior leadership positions. We have achieved that, but gone much further. As a result of developing a deep understanding of the client organisation, its leadership team, its culture, and the resources it needs to develop to sustain its competitive advantage, we have developed a programme which does not limit the learning to individual mangers, but embeds the changes in the leadership system of the company. This is a holistic approach to the improvement of the leadership of the of the company, not only changing the individuals but also the support systems that surround them in their leadership roles. In doing this we used our knowledge of behavioural science, management learning and organisational development methods, to create a system of leadership renewal for the bank which should contribute to its success in the long term. We have moved from developing individual managers to developing the leadership fabric of the organisation.

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