



IEDP Leadership Development Summit

Asleep on the Watch?

Has the Leadership Development sector failed its clients and society and what can it do about it?

Held on Tuesday 22nd November 2011 at the
Royal Society of Arts, London

Contents

List of Attendees.....	4
Introduction.....	5
Opening Provocation.....	6
Panel Session.....	8
Leadership Stories.....	12
Discussion.....	14
Outcomes.....	15
Conclusions.....	17

Attendees List

Job Title	Organization
Head of Leadership Development & Talent	Lloyds TSB
Managing Director, Global Head of Learning Development	JP Morgan Investment Bank
Chief HR and Talent Officer	MediaCom
Strategic Relationships Officer	Harvard Business School Press
Managing Director - London	Mannaz
Partner	Deloitte
CEO	IEDP
Creative Editor	IEDP
Former Chief of the General Staff	British Armed Forces
Director, Custom Programs	Ashridge
Director, Partnership Programs	IMD
Programme Director	Lancaster Leadership Centre
Associate Dean of Executive Education	ChicagoBooth School of Business
Partner	Deloitte
Head of Leadership Development	Standard Chartered Bank
Director	IEDP
CEO	Synchronous Leaders
CEO	Windsor Leadership Trust
Director	Jill Macmillan Associates
Editor	IEDP
Chairman	Bell Pottinger Group
Associate Director, Executive Education	HEC (Paris)
Chief Executive	Leadership Trust (Ross-on-Wye)
Director for Senior Leaders Programme	The Cabinet Office, UK Govt
Head of Executive Development	Barclays Retail and Business Banking
Director of Talent Development	Iberdrola
Partner	Egon Zehnder
Partner	Accenture
Associate Director	Deloitte
Leadership Development Consultant	John Lewis Partnership
CEO, Executive Education	Judge Business School, University of Cambridge
Partner	McKinsey & Company
Associate Dean for Executive Education	Saïd Business School, University of Oxford

Introduction

This report records the proceedings of the Leadership Development Summit held on 22nd November at RSA House in central London. The Summit brought together senior professionals from the academic, consultancy and client sides of the leadership development sector to explore opportunities on how all these stakeholders might better collaborate to increase the impact of leadership development interventions.

IEDP is an independent publisher of specialist information for leaders and leadership development professionals in large organizations. It focuses on the latest developments and ideas being delivered by the world's premier business schools and consultancies.

Vast amounts of work and investment have gone into developing leaders, in companies, by consultants and at business schools. But we are all only too aware of the numerous high-profile leadership failures that seem to be constantly in the news - whether it is failing banks, exploding oil rigs, media groups out of control, or the general malaise that seems to have overtaken the global business community.

Recent events have focused attention more than ever on leadership. Companies that have previously created a thousand ways to hedge their financial risks are now realising the importance of protecting themselves against leadership risk, which presents those responsible for developing leaders with both a challenge and a unique opportunity.

The IEDP 22nd November 2011 Summit brought together senior representatives of the three sides of the leadership development 'industry' – business schools, consultants, and senior company executives.

The morning session started with a provocation by General The Lord Dannatt, former Chief of the General Staff of the British Army and current Constable of the Tower of London. This was followed by a panel discussion to identify some of the key factors affecting the industry moderated by Kevin Murray, Chairman of Bell Pottinger Group. The rest of the day, conducted under the Chatham House Rule, was a participative event with structured discussion, drawing on the collected experience and knowledge of the attendees, around the key themes identified in the morning.

Opening Provocation

The IEDP Summit was held under the Chatham House Rule, but Lord Dannatt has kindly allowed us to publish the main themes of his opening address.

Lord Dannatt opened the Summit by focusing the audience's attention on the essential quality of moral courage in leadership.

When people ask about 'leadership *in* turbulent times', they should realise leadership is *for* turbulent times. It is during such times that we really rely on the exceptional qualities of great leaders. Winston Churchill was a prime example.

In moments of great stress and pressure, people reach out beyond the rational and look for something more. The hard to define quality that gives the leader their moral authority and his or her right to lead is the nature of their character and the degree of their integrity, qualities that in the best leaders have a spiritual dimension.

In getting to this dimension, Lord Dannatt started by exploring some less nuanced questions around whether leaders are born or made; his response being "yes, a bit of natural leadership helps, and a lot of natural leadership helps a lot. But thinking about the subject, studying the subject, modelling oneself on a much respected leader – these things can pay dividends"; which was an assertion that delighted the leadership development practitioners in the audience.

Lord Dannatt offered this list of key leadership qualities, based on the experience of Field Marshal Lord Harding 'from the battle-space': Absolute Fitness, Complete Integrity, Enduring Courage, Daring Initiative and Undaunted Will-Power all with a special emphasis on the adjectives 'Absolute' etc. Respect for Others, he said, was perhaps the most critical of all qualities and suggested that this was widely applicable in the business-space as well as the battle-space.

The Army's functional model for leadership is expressed as: Task, Team and Individual, which means:

- Identifying and achieving the Task
- Maximising the efforts of the Team
- Looking after the interests of all the Individual members of that team.

However, although a great believer in this model, Lord Dannatt questioned whether it was enough, particularly in an increasingly complex world. There is also a need to address the key question: what is it that the leader is actually trying to *do*? Or what is the leader's *Intent*. To explain this concept he outlined another military model, one with three levels, expressed as: Strategic, Operational, and Tactical.

The Strategic level is where "the big thoughts are thought." "Every large organisation is well supplied with strategic thought - probably too much, if we are honest." The tactical level is "where the rubber actually hits the road"; tactical in this sense means delivery. But the crucial level is the operational level, the level which sits between the strategic and the tactical, "between the ideas and the action – turning the ideas *into* action." Ultimately this lifts the mediocre leader to the exceptional. It is this that lifted Napoleon and Montgomery in the battle-space, and lifts Branson and Gates in the business-space.

Careful planning means nothing without the application, energy, drive and inspiration to take the team on the journey.

But another key question arises: will those who are integral to your plan actually come on the journey with you? “To arrive with no-one behind you is a very lonely experience. And many a young officer has been followed only out of curiosity.” To answer this question the Army has developed a concept of Mission Command expressed as: Intent, Delegation and Supervision. The leader rather than tell his team *what to do*, tells them what they are to *achieve*. This is “output or outcome focussed, not input focussed.”

Supervision of the execution of these tasks must not stifle the initiative of the subordinates – rather it must be done in a subtle and nuanced way.

This brings us to the fundamental need for great leaders to have moral courage. “Responsibility cannot be delegated – the buck always stops with the boss.” Ownership of and responsibility for a plan, the intent, is paramount.

But is even having a sound moral baseline enough? Should there not also be a spiritual dimension to leadership? A moral baseline is a thing of the *head*, whereas a spiritual dimension is a thing of the *heart*.

Viscount Hambleden, the founder of the WH Smith empire once said that: “Character and integrity are as important in a manager or leader as capability”.

Character, or personality, answers the question: Is this someone to emulate or follow, and with what enthusiasm?

Integrity answers the question: Is this someone who can be trusted? Is this task honourable? Is this someone to commit to or are they purely interested in the bottom line?

These are all judgements for the subordinates, the followers, the voters to make. Their judgements will ultimately mean success or failure – perhaps not in the short term, but certainly in the medium to long term. But getting the leadership thinking and operating in the right way is the key action from which results will follow.

Panel Session

Kevin Murray, Chairman of the Bell Pottinger Group moderated the panel, which included: Steve Langton, Executive Director, Deloitte Center for Collective Leadership; General The Lord Dannatt; Margaret de Lattre, Director, Custom Programs, Ashridge Business School; and James Prior, Head of Executive Development, Barclays Retail and Business Banking.

The discussion underlined the big theme that Lord Dannatt had raised, namely that Leadership is as much *who you are* as *what you do*.

The panel offered an anecdote about a CEO fighting fires in a big, multi-national organization in meltdown. The CEO was alone in the boardroom with his coach having dismissed or been deserted by his executives. The media were outside covering the crisis as it unfolded minute by minute, each decision was scrutinized by the watching world. The CEO sat cupping his face with his hands, shaking his head. “Sometimes you just have to let someone shake their head until they have no shakes left” the coach advised. Eventually, asked how he felt, the CEO said: “I don’t have the leaders. I need leaders in this company who will march toward the sound of gunfire and I don’t have them.”

Tackling the Summit’s provocative title ‘Asleep on the Watch?’ head-on, one panellist asked if the leadership development sector was “The watchdog that did not bark”, or perhaps they were, as US commentators would say, “At the scene of the crime – they might not have done it, but they were there.”

A recurring theme was the need for ‘Leadership Agility’ – which pertains to the widely held belief at the summit that companies should strive to ‘create leaders everywhere’ – and to create a culture of leadership from the top down – a point which we will see come up again and again.

The point was made that “Leadership development is, and should be, a continuum – working as an on-going part of the company”.

A paradox was pointed out, relating back to an earlier point of Lord Dannatt’s, that the expression Mission Command, when placed in a corporate environment, is a term at logger-heads with itself; where the Mission is for greater decentralisation yet Command reflects the opposite – and yet the military depend on that balance between backing initiative and strict chain of command.

Raising the issue that leadership development as a pure classroom exercise is now outdated, one panellist said, “Leadership development has fundamentally moved away from the textbook”, and went on to state that leadership development was once almost entirely about retention, and that to have an executive return home with a certificate from a top business school was enough, because by ensuring the executive would stay on and move up the ladder this in itself added value to the company.

The panel clearly felt that leadership development today must be about: “What is your identity as a leader? What footprint or legacy for the company and the community do you want to leave behind? Leadership development should be about building character.”

The notion of a move toward ethical, future-conscious leadership and executive development was one of the key consensus points of the Summit and one that was reinforced again and again. An aside point here was that in order to decide what sort of footprint a company should have on a community, or in society, companies should be (and increasingly are) interacting with the external sources that they touch upon – and opening a dialogue with that wider community.

It was suggested that the ‘culture of leadership’ which the Summit had identified as a shared aim, might also helpfully be described as ‘a culture of enabling initiative.’ Furthermore, a culture of enabling initiative must necessarily be one with a willingness to accept mistakes, and one which invests time in telling people how they might have avoided those mistakes.

A lively back and forth dissection of failure within the financial services sector drilled down to one key, mirror-holding question: “Are you - as a company, as an executive, as a leader – driving for your own good, or driving for the good of the company and the community as a whole?” This was also described as a “big battle against bottom-line-hungry top-two-percenters in a company”, and as a need to find a company’s “moral compass”.

A further area discussed was the need for: “Proving the ROI on leadership development”. As leadership development moves out from “the shadow of HR” its return on investment must be measured properly. A tough proposition as leadership development is complex and difficult to measure in terms of ROI, especially when addressing the long-term culture change of a company. However, as pointed out by one panellist, measures are already being used by the rating agencies when looking at corporate risk.

A key point was made that: “Leaders have to admit they have something to learn” and this was one of the many barriers between leadership development and the culture change it wishes to enable.

Two talking points were that: “Sheep dip courses are out – particularly at the senior management level”, and that especially in hard economic times “Leadership development should not be a luxury product” – as forward-thinking companies need to manage the risk inherent in poor leadership.

In an ideal world there is a trickle-down effect from leadership development, where investment in an individual benefits all those below him or her. But that comes with the major caveat that the individual must then be trusted and backed to move forward with what he/she has learnt – which doesn’t always happen.

One panellist amused the group with a fitting and telling rejoinder from the corporate world: “What if we spend £50,000 on an individual and they leave?! Well – what if we *don’t* train them and they *stay*?”

Another panellist said that consultancies needed to “scrap benchmarking with competitors”, arguing that development is no longer about comparing sideways and looking over your shoulder, it is about enabling individuals to take their organization forward.

The same panellist noted that their organization no longer saw their traditional rivals as being the main source of competition – “it’s now Google and Apple” – though conceding that “while we can’t possibly compete with the in-built technological infrastructure, those companies should still be the benchmark”.

Following on from the initial panel discussion the audience was invited to contribute:

Confirming the earlier assertion that leadership development was no longer of and for the classroom, one of the providers said: “We’re having trouble pushing the Open Programs. Companies want the Custom, bespoke piece of work...” With so much of a business schools’ resources tied-up in Open Programs, this shift would appear to be a very important, on-going strategic question for them to be asking themselves.

For one corporate head of leadership development and talent suggested that the ‘retreat’ aspect of a program is key: “Part of it is getting together with your peers, admitting how tough and highly pressurised the job is, and understanding that some of the best thinking comes out of adversity...and to do that you have to open up.”

A contentious but perhaps not unfamiliar assertion was that: “Leadership should be about practitioners and not academics” and all agreed that: “Leaders should teach Leaders.”

An interesting separate discussion occurred here on the psychology required of both sides of a successful leadership development partnership.

Now familiar talk of the rise of ‘Empathy’ and ‘Soft Skills’ brought about a pertinent point from one consultant – namely that “Ego and fear – the negative drivers within us – are our biggest barriers to collaboration and moral courage.”

Speaking from experience with a leading business psychologist, one participant raised the issue of: “the Winner Effect.... when people reach the top – their brain chemistry undergoes a physical change.” “Power corrupts and absolute power corrupts absolutely!” somebody cried.

A business school head countered the point as no longer being of our time, sharing that, in his experience, “The time it takes for people to open up and talk about their own vulnerabilities has dramatically compressed in the last year or so. It used to be that you might make an end of week breakthrough; now that can happen in the first day, even within hours”. This raised the questions: why was this happening now?

And why should it take a crisis to prompt or prise deeper more honest responses out of them?

The same business school head echoing Lord Dannatt's comments observed that: "Five years ago if you'd have given a provocation on the word 'spirituality' you would have lost the room. It would have been a barrier word. Now people are more open to that...". Why is this happening now? Is it a 'deathbed conversion'?

One passing thought was that there was a possibility that neuroscience could somehow provide KPIs for business schools. The feeling was that leadership development had too long relied on the old anecdotal evidence model and that a true ROI indicator, if made available through neuroscience, should be welcomed. The welcome quickly became a consensus, if a slightly muted one as perhaps no-one yet had much faith in such a simple outcome.

Leadership Stories

Four Summit participants now presented case studies from their real experience to illustrate some of the challenges facing leadership developers

Story 1

In this case a large-scale Culture Change initiative failed to take root in one major Financial Institution it was designed for. Although when initially delivered the program seemed to be a resounding success and one subsequently spoken very highly of. The program was never adopted. The initiative failed, burnt up on re-entry, because the CEO did not engage with the ideas and implement the change, although he had initially appeared fully supportive. The initiative became a white elephant.

This case study resonated widely with the room. Practitioners know that in order to effect real cultural change within their client companies, they need complete access, complete collaboration, and total commitment from the C-level team. The challenge remains how to build that commitment.

Story 2

This told of how the outgoing CEO of a company, a star performing company in the group, promoted a successor for himself without due selection process. The new CEO was a favourite of the outgoing one and had in fact only been a part of the company for the previous 12 months. His peers were not consulted or considered in the selection process. The jilted peers were clearly irritated and formed, consciously or not, a giant roadblock to all policy from the office of the new CEO. The new CEO felt paralysed by fear; fear of validating the jilted peers with signs of weakness or making a wrong move. He saw enemies at every turn and trusted no one. He brought his own team in to surround himself with; so the disconnect between the leadership and the rest of the company grew and grew. Over the course of 18 months 50% of the company's business walked out the door.

Eventually the CEO resigned and our storyteller was charged with recruiting a replacement CEO. After a rigorous interviewing process an individual was settled on whose behaviours and core values could unite the company. The new CEO proved to be a difficult person to 'manage' but had one main attribute - a fierce loyalty to the company, its people and its aims. Business soon recovered strongly.

Story 3

This story was about a global financial institution and its belief that: "The only constraint (to its growth) is the constraint of our leaders". The story highlighted a couple of important points. The first was that, for an organization that has been trading for over 150 years, there is a delicate question to keep at the forefront of its thinking: 'Stick to the strategy that has brought you so far' but 'Know when it's the right time to change.'

The second point was about the familiar battle between short-term gain, and the need to strive for long-term thinking. As an example this organization had chosen to stay in Zimbabwe despite a string of perilous regime changes which had meant that over recent times it had lost money. Aware that the organization was now knitted to communities and that their own employees were tied to the country, they chose to stay, record a loss, but support the people. This loyalty was a lesson learned many years ago when the organization had been close to the abyss and a group of traders put up their own money in to keep it afloat.

The relevance being that leadership development - and more particularly cultural change and moral courage – are long-term ideas that can struggle at first to take root in what is a short-term world. Stories like this provide useful ammunition when there is a fight on a leadership developer's hands. As someone else said, "being a better person, being a more ethical leader – it's hard to put an ROI on that – but you have to trust that in the long-run those values will benefit everybody".

Story 4

This recent story from the public sector doesn't, as yet, have a happy ending. In this case a major Cultural Change intervention had been set in motion, with government support, by one of a six-strong set of educational institutions. The effort to set about cultural change across all six institutions was 'dead-on-arrival' because the leaders of the five other institutions were against the idea from the outset – and rejected it as busy-body interference from one meddling defector from a system which, although clearly failing, they believed in.

Some of the team members from the five institutions that might have been sympathetic to change proposals were inhibited by being in the presence of their recalcitrant senior leaders. Despite engaging in some extremely intense and difficult discussion no immediate way forward was found.

Again, the idea that to affect wholesale change you must have the backing of the entire organization resonated broadly with the Summit delegates. The lesson was that there needs to be a properly defined "Ownership of the Program – by the company, by the individual and by the HR Director." "Trust needs to be put in the people *on* the course, and in the people who *run* the course."

Discussion

Miscellaneous points were raised in an ensuing discussion.

“You can choose when to exercise Leadership, but you can’t choose when you exercise Power.” Power exists naturally and plays out and effects relationships and situations. Leadership is a conscious decision – behaviour, conversations, decisions.

Discussing the idea that a leader leaves a ‘footprint’ for the organization -an organizational legacy – one delegate said their company spoke of ‘Stewardship’ – “where you constantly ask yourself, can I leave the company a better place than when I started”. Tellingly, the CEO of that company was previously its Chief Leadership Officer.

The important assertion was made by another participant that “A time of transition is the time for education”. Choosing the most appropriate time at which to make a leadership development intervention could ensure success, and times of change offered good opportunities for education.

Speaking about the C-level leadership current at the time of the Lehman Bros. financial services collapse one delegate said: “They knew. You don’t have to be a rocket scientist to know that lending money to people who physically aren’t able to pay it back isn’t going to end well. They knew. The boardroom stopped listening.”

One delegate went so far as to suggest that business schools and consultancies should refuse to take on work if the initiative does not have the full backing of the board.

Leadership Development’s primary new role was defined by one delegate as the need to “Speak truth to Power consistently”

This discussion and the ensuing debate after the panel discussion led several participants to suggest that the group should get back together, or find ways for further collaboration.

Outcomes

The after lunch session was ignited by a lightning flash tour of 21st Century Enlightenment by Matthew Taylor, the Chief Executive of the RSA. In under ten minutes Matthew took the room from the founding principles of the Royal Society for the Encouragement of Arts, Manufactures and Commerce in 1754 through to their modern day equivalents.

The philosopher giants of the eighteenth century that fostered the creation of the society by William Shipley led to the adoption of the three founding tenets of Autonomy, Universalism and Humanism which the Society now interprets more prosaically as Freedom, Progress and Fairness. Matthew Taylor connected these core characteristics as being part of the under-pinning of 21st Century Enlightenment, allowing for a more engaged, resourceful and pro-social society. He closed his tour de force of these achievable drivers of the modern environment with the call that real change is only effected in people by 'peer reinforcement'. So no matter what you say and teach, peoples behaviours ultimately only change in response to what those around them do. And as leaders it falls to us to 'do' these changes.

This call to arms from the RSA's CEO gave the chance to re-focus the room and challenge the tables of six to draw on the morning's discussions and design, in the following forty-five minutes, a "plan of practical actions we can do to elevate and accelerate leadership development as a prime organizational responsibility".

Forty-five minutes later the room was filled with so much energy and discussion that a further twenty minutes were added to the available time before each tables' outcomes were presented.

Group One: The tragic tale of Sid the Fish was created and shared. Where an under-performing goldfish was removed from his grubby bowl, and given a five-star cleaning treatment which invigorated and revitalised him. But upon being returned to the grimy environment of his tank he soon reverted to his indolent ways.

Thus the importance of focusing on the working environment as much as, if not more than, the individuals, was highlighted.

There was also the call for greater accreditation of the sector to raise profile and awareness.

Group Two: Highlighted the importance of strong internal LD teams and them having close connection and 'speaking the same language' as the CEO and his team. This also needs to be done in parallel with, or perhaps after, strong alliances with the senior line management have been created. Developing 'leadership' rather than just 'leaders' was stressed. The accreditation call was echoed here.

Group Three: A 6-point plan:

1. Culture defines the approach – what works in one organisation may be inappropriate in another. Getting the right language.

2. Engage from the ground up. Ask employees 'what should the company look like in five years' time?'
3. When developing solutions with external providers it is imperative to be:
 - a. Very open
 - b. Very collaborative
 - c. Share context and strategy fully
 - d. Both sides need to 'let-go' from being the 'expert'
4. Focusing on sponsors is critical – to the extent that over-investing time and coaching on key sponsors is better than leaving them behind.
5. Importance of collaboration across the professions – sharing IP and open source amongst all in the LD sector.
6. Internal integration. Development should be a lever for performance.

The 'icing on the cake' is to have a 'success book' that records not just the quantitative indicators achieved but also the qualitative anecdotes and stories fed back post program as part of the changes.

Group Four: Highlighted the need for the sector to 'speak with one voice' and greater collaboration and co-operation were seen as essential if leadership development was to be a sustainable process.

The need to articulate what is required in organizational terms – and what are the key processes to enable people to change. A question as to whether other commercial sectors might also be able to encourage greater focus on leadership change – particularly the fund management sector.

Conclusions

The day revealed a huge range of common interests and concerns from all sides of the sector that were re-assuring and community building. Many ideas were aired with some trepidation and then discovered to have a general resonance – the concept of spirituality and its place in the development curriculum being one such example.

Leadership not just leaders

However, the theme that weaved its way through the entire day from Lord Dannatt's opening provocation through the panel discussion and made a fleeting but important appearance in Matthew Taylor's words was that of the importance of creating environments where developing leadership across the organization is the aim and not just individual leaders.

The consensus appeared to be that in order to achieve this change requires a committed and clear directive sponsorship from the very most senior executives in the organization. Sometimes this is achieved and great things follow – but often it is not and then stagnation can result.

In order to get greater buy-in for organizational change leadership development needs to be more closely bound with organizational development/design functions. Where this is done progress, anecdotally, was noted to be much more effective.

More significantly is the need for CEOs and Boards to feel that there is a coherent and common articulation for this change across the sector. This will require the sector, which is a peculiarly fragmented one with no single provider representing any material percentage of the sector, to start presenting its call for change to senior leaders in both the private and public sector organizations worldwide in a much more unified manner.

A unified call for change, with a clear and coherent logic for such change

There is a need for the leadership development sector to speak with a single voice and using a common language on what is needed to make organizations better led, and better places to foster great leadership development.

A desire was shown for all sector participants to speak the same message – that changing behaviours is not something that can occur instantly in a single engagement, but needs to be done consistently as part of good working practice. That 'peer reinforcement' or 'leaders teaching leaders' is the most effective route to progress. None of this is to negate the role and importance of specific development engagements (formal, informal, coaching, mentoring, face-to-face or virtually) but to clarify that they are only a part of the process, not the process itself.

Also highlighted through the day was that culture is little changed by the 'sheep dip' approach to developing leaders. The Sid the Fish story illustrated this systemic issue.

Leadership needs to be developed in the context of business strategy, culture, organization, operating models and talent strategies in general. Pushing the leadership development lever will fail, if we do not address the context for that leader (the water in Sid's tank) and culture, HR policy and processes (e.g. Performance Management, Reward, etc.) that surround the leader.

There remains an elephant in the room about the role of HR and how it is perceived – and what LD/OD relationship to HR ought to be.

The need for some greater or more acknowledged accreditation of leadership development providers was also highlighted.



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