

# Results-based leadership development

*Developing leaders needs a planned approach. Charisma, say Stewart Forsyth and Jolyon Allen, is not enough—it's bottom-line performance that counts.*



**Stewart Forsyth (above) is Director of FX Consultants, specialists in lifting productivity and performance through the creative use of measurement and motivational systems. Stewart is a member of the Leadability Group. Jolyon Allen is Director of Allen & Allen, organisational development consultants. Jolyon is also a member of the Leadability Group.**

The value of knowledge-based businesses is founded as much on intangibles such as intellectual capital as on physical assets such as inventory or hardware. Leadership is a critical ingredient of intellectual capital. Up to 40 percent of company value, as assessed by market analysts, can be attributed to the quality of leadership.

Putting a value on leadership may be the easy part; developing leaders requires a more planned approach. Many organisations waste serious money trying ineffective approaches. Two common mistakes in leadership development are:

- Aiming for personal awareness, self-esteem and insight about what leadership requires, and
- Ignoring the context the person works in and the need for leaders to deliver business results.

Using a results-based approach ensures the development of relevant leadership expertise, and contributes to the bottom line (and to the individual's CV). By encouraging the skills that produce results, your organisation is avoiding the risk that your competency model is overweight in the 'nice to know' categories, rather than the 'must have' capabilities.

## **How to put results into leadership development**

What does leadership mean in your business? How is it defined? Are the people who rate

well on your leadership competencies those whose teams are delivering? Until you can see these linkages you are at risk of promoting competencies that are irrelevant, or even at risk of driving your business backwards.

A topical example is the value of charismatic leaders. There is increasing evidence that charisma doesn't actually translate into bottom-line performance. The staff with obvious 'potential' are likely to get promoted, but are also likely to still be showing potential rather than results after promotion.

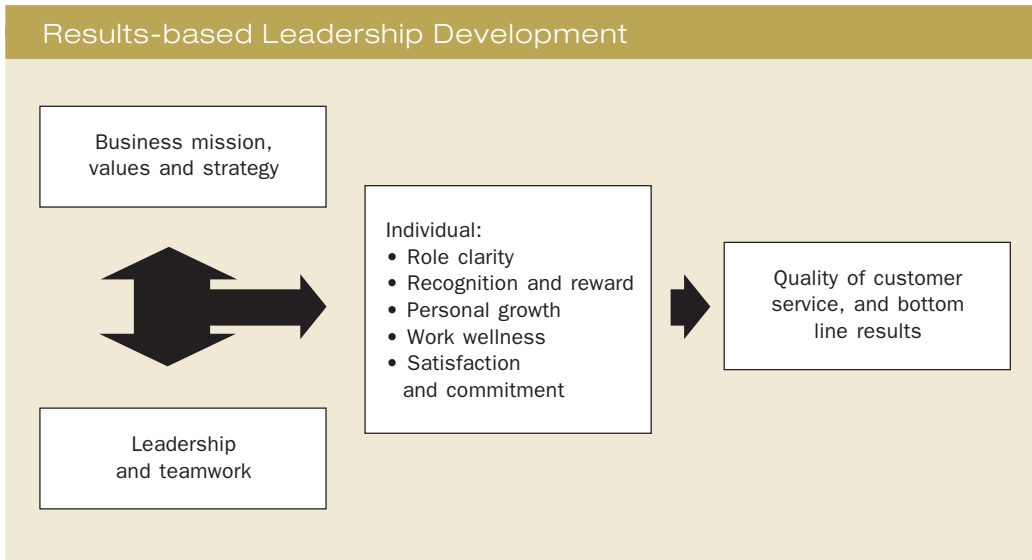
The Leadability Group (a joint venture between Allen and Allen, ECC Ltd and FX Consultants) put leadership and teamwork in an organisational context (see diagram). Effective leadership is required to deliver strategy and sustain organisational values. Results are seen at the individual level, and in results for customers and the business.

## **Building an organisational effectiveness view**

How can you establish the linkages between leadership, bottom line results and quality of customer service? Tight measures are the key requirement. Until you know how well your existing and potential leaders are performing you are working in the Twilight Zone where impressions are out of synch with reality.

The Leadability Group has

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developed a range of leadership tools to assess leadership capability and leadership effectiveness. Their Leadership Survey is based on the research literature and on what organisations have said is important for them. For example: how many leadership models include the leadership capability of identifying, attracting, recruiting and retaining talented people? This capability is critical for leadership effectiveness. After all, it's hard for people to soar like eagles if they're surrounded by turkeys.

The leadership scale of the Leadership Survey comprises 15 items, takes 5-10 minutes for most people to complete, and achieves internal consistency reliability of .95 (where .75 is good and 1.0 is perfect).

### Getting leadership benefits

Evaluation of leadership development effectiveness is not a popular area. The sceptical say that it is difficult to evaluate something with a definition that is contentious. The challenge of evaluation is to demonstrate that there is a return from the investment in leadership development. Notwithstanding, the return can be seen in leadership 'moments of truth'—critical points in leaders' relationships with their bosses, peers, teams and clients. The Leadability Group's model suggests we should also be able to see differences, after leadership development, in the operational performance of the leaders' units.

This is where tools such as


the Leadership Survey offer significant value. Team members and others who work with the leader-in-development can contribute to the assessment of both capability (relevant skills) and impact (the downstream effects of good leadership).

Thereafter, or during development initiatives, a repeat

survey will provide an accurate and sensitive measure of whether leadership behaviour and its effectiveness have changed.

The sample graph shows results for a professional services firm. Over 90 percent of staff rated the effectiveness of their leaders, and also other aspects of HR and business performance that had been identified as important. These 2002 ratings are compared with those obtained two years before.

Results such as these demonstrate the benefits of your leadership development initiative to your organisation. The results are also hugely motivating for individual leaders, and help focus their development priorities.

With tools such as the Leadership Survey, the development of your leaders can be less of a mystery and your leaders can be doing what they are paid to do—making a greater contribution to the value of your business. 

## Change over 2000-2002

