

thought leadership

How to develop Principled Leadership for sustainable shareholder value

Where is your organisation coming from?

Unethical behaviour is destroying value within business, wiping billions from profits and market capitalisation. Those organisations which have recognised the need to address this are generally focusing on corporate governance processes – leading to even more rules and regulations. This approach fails to address the heart of the matter by paying little attention to behaviours of individual executives and board members.

Many of the organisations working with Getfeedback and Roger Steare Consulting have experienced minor compliance failures. As a result, their need to tackle the issue at an individual level has come sharply into focus.

Initial discomfort that we as human beings do bad things is common. We depersonalise the issue and blame 'the business' or 'the culture' per se. The first step is therefore to move beyond the reactive nature of a compliance focus and instead change the behaviours of individuals. For example, if an individual is behaviourally predisposed to break rules, they will continue to do so, irrespective of codes of ethics or organisational principles. Furthermore, their deviant behaviour is often rewarded because the potential rewards outweigh the threat of sanctions.

In our 2000 research project, 83% of the most senior institutional investment executives in Europe agreed that personal misconduct on the part of directors and senior executives was either "very important" or of "some importance" in a review of 20 of the largest financial scandals.

What's the crux of the issue?

Organisational behaviour is the sum of individual behaviours. Yes, we can measure the attitudes of everyone in a business, but this won't necessarily predict actual behaviours unless we look at the culture and context in which the individuals operate.

We use the formula "a+c=b" to describe the process where

$$\text{Individual Attitude} + \text{Organisational Culture} = \text{Actual Behaviour}$$

Our data shows that rhetoric and rules have considerably less impact than the attitudes and behaviours of those leading the organisation. This gives us a double challenge:

Challenge 1: change the culture of the organisation by changing the example set at the top

Challenge 2: change the attitudes of each person in the business

What can you do about it?

Addressing single issues in isolation e.g. just focusing on those in a high risk role or only taking a developmental stance, will prove fruitless as the reward for behaving unethically will continue to outweigh the threat of sanctions. Instead the change should occur throughout the talent management lifecycle and across the whole organisation.

- **Recruitment:** consider the nature of ethical behaviour when creating role profiles and selection criteria; put systems in place to take an individual's integrity profile into account when considering their suitability for the role
- **Performance Management:** systematically measure and reward ethical performance, even if it means a short term financial loss
- **Development:** allow each employee to develop self awareness of their own integrity profile and decision making style; provide practice at making sound ethical judgements through workshops and masterclasses

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- **Succession:** systematically factor moral intelligence (MQ) into the succession planning criteria and assessment methodology
- **Engagement:** leverage personal integrity to engender more personal commitment and engagement from existing employees

What difference will it make?

Research undertaken by Deutsche Bank shows that over time, good ethical behaviour delivers superior shareholder value and maximises market capitalisation by a factor of 20%. Conversely poor ethical standards can also detrimentally affect consumers' and the market's perception of a firm, in much the same way as a poor year-end result.

However, organisations should not expect a one-off box-ticking exercise and instead must consider the development of ethical behaviour as an ongoing task. Critically, financial analysts themselves lack "temperance" (self control) and are not willing to wait for results. Hence the market, impatient for results, fails to allow organisations to realise the shareholder value created by a systematic approach. The first step for any organisation undertaking an integrity programme is to recognise that there is no quick fix – but the rewards for a sustained approach are well worth the wait.

Recommended reading

- Good to Great; Jim Collins; If you've already read this, reread thinking specifically about core values and level 5 leadership
- The CEO and the Monk; Cattell, Moore, Rifkin: Case study of a major New York utility company
- Bad Leadership: What It Is, How It Happens, Why It Matters; Barbara Kellerman



Getfeedback

Talent Identification

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What does high performance look like?

The most important aspect of identifying high potential is having an existing understanding of what good looks like. Getfeedback's extensive experience in this area shows that by using a validated framework for behaviours and leading psychometric testing there are definite values, behaviours and traits that are common to high performance.

We believe that high performance is not just about what an individual currently does, but about their ability to perform in future situations, their ability to change and adapt in the face of new challenges and ambiguity.

Motivation

Research shows that possessing the right competencies is not enough to achieve results unless the motivational factors are also right. Typically high performers require low structure in their environment and display high systems thinking. They enjoy dealing with unpredictable situations and feel comfortable 'thinking on their feet'. Research shows that high performing individuals are able to focus on the big picture and shoulder multiple responsibilities, and importantly they are capable of taking decisive action.

Personality

To assess personality is to understand how an individual works and what environment they need in order to perform. A high performer will show emotional stability, and an ability to work in a pressured environment whilst also making tough decisions. Once again they are able to see the bigger picture and have the ability to work well as an individual but also associate well with peers and be able to manage team activities.

When selecting people for a role we need to see inside their heads to find out if they really want the job, not just that they can do it.

- What is their barrier to progress, and what is the enabler to help them find gold?
- They might be competent, but are they really committed to serious performance in a given role?
- Is their personality and motivation sufficiently in tune with the role and compatible with their skills to make them better than good?
- What possible measures might be available to help predict success and not just ability?

Getfeedback works alongside its consulting arm Crelos and has developed a way of taking a lot of guesswork out of predicting leadership success. This gives us the confidence that we can bring benefits to your business that very few organisational development consultancies can match. Most consulting businesses see talent as a discrete element within a pick-and-mix selection of people development programmes; at Getfeedback talent is central to our thinking.

why?

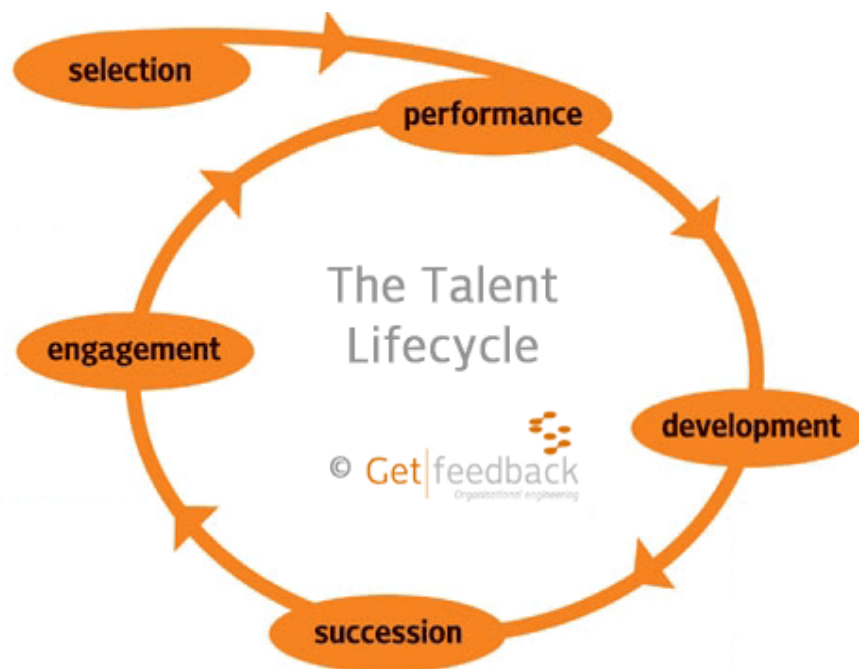
Why identify Talent?

The strongest influential factor on the success or failure of your business is your internal talent, and your external reputation. There is growing recognition that identifying and actively managing talent is the most effective way of securing success.

Fact: People stay longer and perform better in organisations where their talent is actively managed.

Fact: The Investor community is known to upwardly grade organisations that demonstrate structured, consistent and measurable talent management.

Get it right and you will unlock the key to talent identification and retention. Get it wrong and your talent will leave the business for greener pastures, and possibly your competitors. The facts indicate that investors react more positively to a business that has talent programmes which diligently appoint leaders that have been groomed for the role in high performing businesses. Their reaction is negative and unconfident when leaders are appointed with no structured talent or performance management process in evidence.



What is Getfeedback's approach to Talent Identification?

We focus on your commercial requirement to make sure that you get a clear return – rapid growth, sustainability or differentiation may require subtle differences in approach. By framing your talent programme in the context of your commercial requirements, and by what has gone before, we will make important recommendations.

We work out exactly what 'talent' means in your business – Talent in one business means something quite different to another. Our process is specifically designed to understand what talent means for you. While we can show you how your talent compares to extensive benchmark data, you can have confidence that you will also know what it means for you against your own set of criteria. This is critical for you to differentiate your resourcing and development process from your competitors.

By working alongside your business leaders throughout the process we seal credibility of approach – The way we work with your business leaders is unique. Our approach builds on their critical role as owners of the talent in your organisation,, We structure their expert input to inform the assessment design and secure their role as the key decision makers. Getfeedback's highly qualified and skilled assessors then distil the evidence that your leaders provide against rigorously defined criteria. We then work with them so that they can understand the future potential of their people and then make accurate decisions. We also clarify your leaders understanding and expectations of the talent in your organisation.

We look at behaviour that takes talent beyond current capability – Our sister consulting operation, Crelos, has developed a model of assessment that reliably measures current capability as a function of how well an individual deals with complexity. The ability to manage and simplify complexity is key to all leadership roles. By analysing current strengths and weaknesses against a 5 level framework which was specifically designed to define high performance as a function of the ability to 'add value beyond the current role', we can benchmark current capability and future potential. This behavioural data is then compared to detailed psychometric data to predict how people are motivated to convert capability into performance and what barriers and enablers to development exist. With these layers of validation a business can be assured that its investment will get a return.

Different talent is required for different roles – the temptation is to think that all 'high potential' will fit into one profile. This approach defines individuals' ideal role from a motivational point of view and from a capability point of view, in order to evaluate the way in which and extent to which they will make use of their ability and personality in a particular work situation. You can then make better decisions about placing people in roles that they are both competent and motivated to deliver against.

getfeedback's approach

Transparency – Our assessment method is not a black art. The leadership of your business will fully understand the measures used and how to interpret the information so that they can take properly informed decisions about the people in their business.

Reliability and accuracy – All of our consultants go through an extensive, rigorous training and examination process to be qualified to conduct our assessments. The examination is both written, verbal and observational and the pass mark required is 85%. This means you can guarantee the quality and accuracy of the information. In addition, our consultants are selected from a variety of business backgrounds and all have a rigorous business psychology qualification, which means they are credible with the highest-level business leaders. We offer a fully outsourced service.

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Why do we do it this way?

Current capability assessed in terms of ability to manage complexity – Using our evidence based interviewing and observation techniques we examine current and past performance in terms of both what and how individuals deliver. Our research shows that high potential individuals will complete tasks with a 'systems thinking' mindset balancing the delivery of the task by applying the most systematic solution. The Crelos 5-level behavioural framework specifically defines whether individuals approach a task in a systemic big picture fashion or whether their focus is on precise delivery of the task as is. The current trend in psychometric assessment is to ignore current performance as a measure of future potential this is because the assessment methods used do not sufficiently differentiate whether the individual has merely focused on the task, added value beyond the task or applied a systemic approach, which means that what is delivered an exceptional solution which has cut through complexity and will continue to positively impact organizational performance for the foreseeable future.

Self-awareness – High performers demonstrate a very clear understanding of their own strengths and weaknesses and are keen to work and learn from others with complementary strengths. Crelos measures how well an individual understands their own strengths and weaknesses and how confident they are to work with and learn from others who have complementary strengths. This contributes to manageability and the speed by which individuals will progress. Those individuals that are in denial about their own capability tend to take longer to develop and require specific mentoring support.

Motivation - Intrinsic motivation is the 'will do' factor which converts the competency 'can do' factor into actual performance in the job. Individuals 'can do' any number of things when rated against competencies and may therefore do well in several assessment centres for different sorts of jobs, but their performance in the real-life work situation will ultimately depend on the extent to which they are motivated to perform in a particular role. Assessment based on intrinsic motivation recognizes that 'excellence' has more to do with thriving in a role than ability or personality, and that the assessment and development of individuals is generally most successful when based on the kinds of tasks with which they will identify their response to different sorts of challenge. For example, to be a good line manager an individual must be motivated by delivering through others whilst to be a world leading technical specialist an individual will undoubtedly be more motivated by self-fulfilment and the pursuit of his/her own interests.

Personality and, Integrity strengths and weaknesses – Research has consistently failed to identify a link between different personality styles and high performance however, measures of personality and attitude do provide very useful information in terms of enablers and barriers to success. This information is critical for planning development support requirements. For example, emotional resilience, openness to new experience, orientation to hard work, patience and fair-mindedness provide critical information about what is likely to

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impede or improve individual progress. This can be translated in to individual support requirements and can be flagged for discussion when role movements are required.

Feedback and development planning – Providing feedback is critical to talent pool management. Research shows that organisations that combine succession planning, development planning and talent pool management out perform those who treat them as separate entities. Individual feedback provides the opportunity for the individual to work with a consultant and appropriate internal resource to craft a short, medium and long-term development plan. This will include typical roles that the individual is suitable for, typical experience required and development support required for example, coaching, mentoring and other specific development.

how it looks

What does it look like?

Individual and organisational level reports - The reports are presented in a decision-oriented format. Individual reports contain a written summary of the individual's current capability as assessed against a behavioural framework, benchmarked against external data and assessed for future potential either for specified roles or for generic role profiles such as CEO, Business Unit Leader, Technical Specialist Leader, Strategist, General Manager or Internal Consultant. Role suitability and development recommendations are made alongside specific recommendations about potential barriers or enablers required to ensure that the individual will succeed.

Organisational reports include the following:

- The talent pool ranked by individual for current performance versus future potential – this data can also be split by role type and role level if required.
- Trend analysis on future potential versus current potential, which highlights critical development and resourcing requirements.
- Current competency strengths and limitations versus potential data, which enables the organisation to identify gaps in its development and resourcing model.

Stage 2 – Define the framework of measurement

We have a model of assessment which uses a number of specific tools to gather the data required to inform your decisions. This model of assessment doesn't change, however, depending on the commercial drivers of your TIP, the required outcomes, the stage of development of your business and the reliability of data that you may already have on your people, we will recommend a vehicle for delivering the assessment and will chose between a number of options:

- Customising our high performance behavioural framework to fit your organisation or working with our framework as is.
- Benchmarking particular roles or working with our benchmark data as is.
- Using our whole assessment process or using specific components because you already have some data (for example you collect specific information at recruitment or as part of the performance management process).

assessment options

Define the vehicle for assessment – there are two options:

Assessment/Development centre – appropriate in rapid growth and start up scenarios. Assessment centre design differs depending upon whether the assessment required is generic or role specific. Generic talent identification requires a complex, business simulation with multiple open ended (no right or wrong answers) tasks. These types of simulation lack face validity for role specific talent identification.

1:1 assessment – appropriate when the profiling audience may be cynical, or where resource pressure or the business model is dependent on is so tight that bringing groups of leaders together is likely to substantially disturb the operation of the business. Or where the numbers being assessed are less than 40 and unlikely to be repeated more often than once every two years.

why getfeedback?

Why Getfeedback?

Getfeedback believes that "talent" is the single biggest issue facing organisations and is working with some of the world's most forward-thinking organisations to help them make best use of their talent to measurably improve business performance. Clients include Cable & Wireless, Cadbury Trebor Bassett, BAA Terminal 5, Energis, HSBC, Vauxhall, AstraZeneca and Nissan.

Getfeedback's experience in strategic talent research:



AON: Getfeedback's expertise in assessment and data analysis created a well defined succession plan saving considerable cost to the business.



Energis: Identified the bench strength required to turn around an ailing business and designed and delivered a challenging leadership development programme which led to the identification of high performance behaviours at Energis.



Cadbury: Getfeedback developed an innovative career development programme for Cadbury's star performers.



Misys: Getfeedback designed and delivered leadership development programmes across the globe which created a self-sustaining culture of development and competence within the business.

Here's what we say about ourselves:

- Getfeedback's approach is unlike any other people management process in the world because it has a higher capability to predict performance, whereas other consultants can only show you the potential.
- We have a method of measuring capability combined with personality and motivation and can match those qualities in a holistic way against job function. Getfeedback's method has a significantly higher reliability score for predicting future success than approaches dominated by competency assessment alone.
- By combining these measures the assessment process in Getfeedback's approach provides layers of validation that produce a comprehensive picture of the talent in

why getfeedback?

your organisation. This information is distilled into individual and organisational level reports that enable you to create comprehensive progression plans and take investment decisions about current and future development and resourcing.

Here's what others say about us:

"Getfeedback really 'get' what our challenges are. They have immersed themselves in the business challenges that we faced to bridge the gap between psychology theory and the reality of our commercial environment."

Phil Bishop, HR director, Energis

"Getfeedback's team members showed a real interest in our business. It was interesting and enjoyable to work with a team that worked well together and who were all clearly engaged in our business needs..."

Lucy Lofting, HR Director, Royal Caribbean Cruise Liners