Leadership Academy
for Leadership, Innovation & Recovery

MOLIE: Volume 2 Issue 1

South East Leadership Academy Newsletter

November 2009

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Picture taken from Launch Event on the 23rd September.

1. Editorial

Welcome to the Leadership Academy newsletter, made possible by the securing of a new phase of funding from the Higher Education Funding Council. While the initial phase of the Academy was focused primarily on leadership and innovation we are now in different times. Hence, the new focus of the Academy is on organisations at risk – specifically, supporting SME owners and directors in developing new ways of innovating during difficult economic conditions. This will be achieved through an action learning approach which will help group members to address issues including leadership, business strategy, marketing, staffing levels and maintenance of core skills during the economic downturn. It will also seek to equip unemployed managers and executives with the personal skills and motivation necessary to get them back into work and to help those at risk of redundancy to analyse and refocus their skills in order to sustain economic activity. This will be achieved through a co-ordinated programme of coaching, mentoring and action learning workshops. The Leadership Academy will work closely with the Regional Development Agency (SEEDA) and other key support agencies in the region to ensure this initiative is part of a coordinated framework of support for regional businesses – offering robust and innovative support during the downturn, and positioning the South East for economic recovery.

The University of Surrey, the Open University Business School, Royal Holloway, the University of Greenwich and the Tavistock Institute of Human Relations, London are all delighted to be collaborating on this important new project. These are obviously very difficult times for many individuals and businesses. We intend to bring together leading thinkers from higher education, private providers of leadership development and those offering innovation advice to deliver world class leadership thinking and promote skills for innovation in business development. We cannot make the recession go away. However, we are confident that, through our collaborative initiatives, we can deliver practical help and advice to individuals and businesses that can fundamentally shift their thinking and recovery opportunities.

2. Save the Date!

Following a successful launch event in September, the Open University is hosting an all day event on the 28th January. The event will focus on “Entrepreneurial Leading out of the Recession.” To register your interest and to gain more information about the event, please contact Bethany James (the project officer for the Leadership Academy) on 01483 683495 or b.d.james@surrey.ac.uk.

3. Leadership in Social Care Enterprises

Richard Laughlin, Independent Consultant - Edinburgh
Mannie Sher, Director, Group Relations Programme and Principal Consultant, Organisational Development & Change - The Tavistock Institute of Human Relations, London

Save the Date!
28th January
Berrill Theatre
The Open University
"Entrepreneurial Leading Out of the Recession"

Although much has been written about leadership in general, very little of this focuses on the specific challenges of leading within the not-for-profit sector. If anything, the implication is that it doesn't really matter whether you are a leader in a major corporation or a smallish charity, the skills remain the same. Based on a recent case study, this article challenges that assumption.

A case study

Over a period of two years we worked with a major social enterprise in the social care sector, delivering a Leadership Development Programme, which aimed at providing senior managers with an experiential approach to leadership development through participation in strategic project groups. The intention was that individuals would learn through participation in the project, in broad keeping with the principles of Action Learning and through ongoing consultancy provided by both Tavistock Institute and internal consultants.

The Programme produced many positive outcomes. Individuals welcomed the opportunity to work in cross-functional groups and many, particularly those working remotely, thought that this helped reinforce their position within the wider senior management team. Considerable practical organisational learning was also generated, including the need to address how the senior leadership groups worked in practice and the need to ensure effective co-ordination and monitoring of the project initiatives. Much of the organisational learning interested the executive management, but it proved difficult for many of them to engage with the project or to translate its findings into actions.

The difficulties that the organisation's leadership had in engaging with the Programme, together with a persistent and high-level of hostility from a few, surprised the consultants and were thought to be associated with the various emotional forces at work within the Programme, organisation and sector.

Emotional boundaries

All participants in the Leadership Programme were senior managers within the organisation and all were subject to a range of daily workplace emotional pressures that are not common outside of the social care sector. This appeared to directly affect how the participants perceived the usefulness of the learning to their workplace.

Miller and Rice (1967), writing about systems of organisation, state that the management of boundaries is a key influence on organisational learning and the subsequent management of change. Traditionally these boundaries are located between an organisation and its operating environment or between internal interest groups. Miller and Rice identified an additional boundary between the task and sentient systems, such that the individual's work-based loyalty may differ in focus from an organisation's stated aim. This has important implications for individual loyalty and motivation in social enterprises, as the reasons why individuals join them and what they seek to achieve, may be at odds with ongoing organisational developments.

It also has strong implications for leadership development and learning, as what individuals believe they require and what executive management believe is required for future purposes may differ too, potentially leading to an unsatisfactory learning experience for some.

Leadership development and workplace emotions

In our study we found strong evidence supporting the above. In addition to external changes such as increased market competition and related internal changes in structure and process, managers were also challenged by the changes wrought by executive management's perceived need to introduce more business-like operating procedures to meet the changing circumstances. In some instances this was seen as leading to less tolerant and more inflexible ways of working, resulting in a sometimes cynical and negative reaction to central initiatives. This, we felt, impacted adversely on the Programme, which was seen by some as a centrally imposed requirement.

Pictured: Professor David Gray, Directory of Leadership Academy

Many of the participating organisation's clients had substance misuse or mental health conditions that impacted on their ability to lead fully independent lives. Often unwanted by mainstream society and forced into treatment through the criminal justice services, such individuals frequently display anger and dysfunctional behaviours towards others, including their caseworkers. Additionally, some may only have a tenuous grasp of social norms and distrusted others' motives, including those of their caseworkers.

Whilst many caseworkers specifically joined the organisation for the challenge of helping difficult clients, this is a pressurised working environment with high staff turnover and absenteeism rates. The extent to which caseworkers are able to handle this varies and the evidence suggests that some start mirroring their clients and displaying dysfunctional behaviours themselves, including projecting feelings of anger and distrust towards the organisation and its leadership.

Our view is that this impacted strongly on the Leadership Development Programme, by creating an upward focused emotional boundary between caseworkers and the organisation in addition to that between task and sentient systems identified by Miller and Rice. Senior managers are therefore required to manage intruding irrational emotions from their staff as well as dealing with the (perceived) more rational requirements of internal systems and the external environment. Additionally, many senior managers themselves were once caseworkers and experience a degree of emotional dissonance as to where their priorities and focus should lie.

Emotional boundaries within the organisation therefore appeared blurred, such that people had different views on the role of leadership and how they should go about fulfilling this. Perhaps unsurprisingly, some of this uncertainty and, occasionally, hostility, was directed towards the Programme.

Implications for leadership development in a social enterprise

Leadership development aims to prepare individuals to discharge their responsibilities within the constraints of the pressures and boundaries of their organisations.

Our study suggests that for any proposed leadership development activities in a social enterprise to be successful the role of seemingly irrational and dysfunctional emotions needs to be acknowledged and allowed for within the design and timescales. This is in addition to the consideration of any other internal or external processes and is especially true in the social care arena.

By doing so the development activities are more likely to increase individuals' awareness of this significant and opaque internal boundary and to reduce its' impact on both individuals and the organisation. This, in turn, should lead to both greater individual learning and desired organisational outcomes.

References:
Miller, E.J. and Rice, A.K. (1967): Systems of Organisation; London; Tavistock Publications.

4. Demand-led Leadership and Management

Chris Stanton, Policy Manager; Employment and Skills - Surrey Economic Partnership

The importance of productivity to the economy cannot be overstated - it is about working smarter not harder. Changing economic, environmental, social and technological needs must be addressed through continuing personal development and acquisition of new skills.

The demands placed on business leaders and managers - particularly when times are hard - require investment in skills training and development in preparation for the new opportunities that lie ahead. And there will be plenty of opportunities - some of the most successful businesses started in the depths of recession. This calls for first-class vision and leadership.

The recession was just starting when Surrey Economic Partnership brought together some of the County's key employers to shape the new Surrey Employment and Skills Board:

The importance of productivity to the economy cannot be overstated

Surrey Employment and Skills Board

Surrey Employment and Skills Executive Board	
Private / Public / Voluntary Sector Employer Members	Partner / Provider Members
Alliance of Sector Skills Councils	Association of Learning Providers in Surrey
Business - Kuju Entertainment	Business Link / Train to Gain
Business – Ramsac Ltd	Jobcentre Plus
Federation of Small Businesses	Progress S.Central Lifelong Learning Network
Institute of Directors	South East England Development Agency
Surrey Chambers of Commerce	Surrey Economic Partnership
Surrey Community Action	Surrey Learning and Skills Council
Surrey County Council	
TUC / Unionlearn	*(Employment and Skills Board Manager)*

surrey economic partnership

With employers drawn from the private, public and voluntary sectors, it soon became clear that there were common concerns, the top 5 business priorities being:

1. **Leadership and management**
2. **Personal, attitudinal and interpersonal skills**
3. **Creativity, enterprise and innovation**
4. **Science and technology related knowledge**
5. **Specific knowledge**

Beyond the recession some huge issues lie ahead that will impact every business and require top-quality leadership and management – issues such as Climate Change, Emerging Markets and Technologies, Employment and Health, the Ageing Workforce and Longer Life Expectancy, Business Succession Planning, but there will many other challenges besides.

Amid the changes and challenges of the past year Surrey Employment and Skills Board - one of six in the South east region - has identified three main priorities:

Beyond the recession some huge issues lie ahead that will impact every business

- **Provide strategic direction for employment and skills policy in Surrey**
- **Facilitate dialogue between all in educations, skills and/or employment**
- **Identify skills gaps that can be filled**

The recession has created opportunities that are best addressed by encouraging enterprise. Through its leading role in economic development, Surrey Employment and Skills Board promotes the expansion of enterprise education to support employer and entrepreneur leadership, management and business excellence capabilities. The Business Link and Train to Gain brands in particular help to focus on higher level skills needs.

Before the Leadership Academy secured HEFCE funding of its current activities, Surrey Economic Partnership was already seeking ways to address the deepening impact of recession and increased unemployment. The long-established and successful job clubs in Berkshire and Buckinghamshire provided a model that could be replicated in Surrey - the difficulty was finding the necessary resource at a time of public spending cuts.

Now, with the Leadership Academy offering support to the unemployed and managers at risk of redundancy as well as those in work, Surrey Employment and Skills Board is in the process of setting up similar coaching, mentoring and group learning opportunities for young people aged 16-24 as well as for other unemployed people who might benefit from specific support e.g. starting a business.

For the future, Surrey Employment and Skills Board is now moving towards a new funding model through the creation of a Community Interest Company. Because the shareholding is spread across the local community rather than being a single public sector grant it will be easier to secure buy-in by a variety of partners such as local authorities, businesses, schools and colleges, etc. We anticipate significant local demand for high-quality skills in leadership and management from organisations and through employer groups such as Chambers of Commerce, the Federation of Small Businesses and the Institute of Directors.

The other major area of employment and skills influence at local (County) level is in education policy. Surrey's Skills Strategy *Education-Enterprise-Economy* emphasises the importance of the link between mainstream education and the world of work - its ultimate purpose being to shape, sustain and grow the future economy through creativity, enterprise and innovation in those who will lead and manage the future workforce. Unless economic principles are better understood in education then it is feared that employers will continue to complain about the abilities of school-leavers and graduates in the workplace.

Pictured: Professor David Gray, University of Surrey and Mannie Sher, Tavistock Institute of Human Relations

Against this economic backdrop Surrey Economic Partnership's Employment and Skills strategy will continue to evolve. At its heart will remain a firm commitment to higher skills through enterprise, leadership and management, working with partners in Surrey and across the South East region including the Leadership Academy.

5. Philosophy for Business

John Turner, Philosopher and Founder of Metathink.
Metathink provide practical philosophy skills, dialogue-based workshops and other professional thinking services to businesses, universities, schools, museums and galleries.

Philosophy is not renowned for its practical applications in the wider world outside the ivory towers and the panelled rooms of the professional thinking classes. Can philosophy really teach us anything about how to do business?

Well – of course – that does depend on what you mean by philosophy.

Philosophy is many things to many people, and I'm not going to impose a definition of my own here, but it is useful to make a distinction early on.

On the one hand there is academic philosophy, which has a reputation for intellectual isolationism and dislocation from the 'real' world. And it probably is the case that 95% of everything ever written under the banner 'philosophy' is unintelligible to 95% of the population. And quite a lot of it – while it might be immensely clever – is also quite dull.

But there is another end to the philosophy spectrum – the funky end – the interactive and the anti-intellectual end. This is the domain of Practical Philosophy and it doesn't feature large in the academic departments – it's existence being hushed up like that of a disreputable cousin. This kind of philosophy is not just something that you think about – it is something that you *do*, and it's something that you do with other people.

Can philosophy really teach us anything about business?

This second kind – the funky end – is the one I'm more interested in.

Our current culture tends to prioritise the idea that questions have a right answer, and that if you get the answer right you are smart, and if you get the answer wrong you are thick. This model is undeniably present in the education system and it follows us through into the world of work where our status, self-worth and market value are largely determined by our position on the Smart – Thick axis. This makes us reluctant to take any risk that might expose a gap in our knowledge or a short-coming in our understanding because to do so would be to admit an intellectual weakness. Much safer to keep your head down and stick to what you know even if what you know isn't working particularly well.

Practical Philosophy, on the other hand, is all about asking questions that don't have one right answer and then exploring the ideas that fall out. When a group of people do this together - that's dialogue. In this kind of Dialogue exploring the ideas is more important than getting the answer right , disagreement doesn't necessarily mean argument , and we have the opportunity to discuss something that matters without the nascent fear of being judged and found wanting.

We carry around in our brain a vast and magnificent framework of interconnected concepts and ideas that is the matrix of meaning we use to interpret the world, and the platform of understanding we use to make decisions. We all have one of these more-or-less coherent and extensive frameworks of ideas, we couldn't function without it, but we hardly ever have the opportunity to take any piece of it out and have a good hard look. There is no common cultural framework, within business or without, where we can share our understanding of our own understanding with other people and say,' this is what I think – what do you think?'.

We carry around in our brain a vast and magnificent framework of interconnected concepts and ideas

Practical Philosophy creates Dialogue – a *single* conversation between a group of people where they can think, talk and argue about stuff that matters with a trained facilitator on hand to keep things moving, focussed and friendly. This is an opportunity for participants to go spelunking in understanding. It is a collaborative space where ideas can be shared, compared and expanded. It is a way to harness the collective intellectual power in the room, focus it on one single concept, idea or question, and blow the lid off.

Take Success for example – not the operational parameters of success, not the modelling of behaviours of successful people, not the criteria of success for this project, or that meeting, or the next quarter – but the concept of success itself. What does it mean? How does it fit within your framework of concepts? How does it relate to other concepts like failure and fear and risk and achievement and happiness? How does it relate to other peoples' concepts of success, and what effect does your understanding of success have on your life?

The concept of Success is one of the central planks of our cultural existence, it defines our expectations, reorganises our values, sets the boundaries on what we believe we can achieve, and twiddles the knobs of happiness. In a culture where success is prized and pursued – unless we have an understanding of what success actually is, we run the risk of getting somewhere we don't really want to be. And so it goes with a raft of other Big Ideas that form the undergirding of our lives.

This is the domain of Practical Philosophy. This is not a brainstorming method or a teambuilding exercise or communications seminar or even inter-departmental synectics. It is philosophical dialogue, and fundamentally it is a bunch of people sitting around talking about stuff that matters, with the shared goal of progressing towards understanding. It is also a set of tools and techniques that make this mindset possible, give permission for it to happen, and facilitate the process.

So in a typical session this breaks down into three phases – setting the scene, finding the focus, and exploring the ideas. Setting the scene involves recalibrating expectations and building some community mojo in the group. This is done with a range of warm-up and brain-jitsu activities that will loosen up thinking, allow people to interact, and break the taboo of speaking in public. Finding the focus means progressively narrowing down the domain of interest from a broad opening stimulus to a specific question defined collectively by the group.

This can be done by democracy or negotiation or any other method devised by the group as long as we arrive at a point where everyone feels they have a stake in the question. The question then becomes the jump-off point for exploring the ideas through Dialogue – where everyone can respond, contribute, agree, disagree, cite examples and counter-examples and generally interact in a reasonable way while discussing something that matters. This whole process is called an Enquiry, and typically lasts between one and two hours.

So – philosophy for business does not scour the works of the great thinkers for insights into modern management issues – It does not plunder the dictionary of philosophical quotations for inspirational pick-me-ups. Instead it is an invitation to participate in an orchestrated enquiry into ideas that we share by virtue of being alive, not by virtue of being in business. The benefit for business is that thinking and talking like this in groups improves the quality of the thinking and talking, and improves the quality of the groups.
It is possible that there are businesses out there that have no need for this kind of thing – but that's not the only possibility.

6. The 7 Essences of Leadership

John Knights, Chairman – Leadershape

Our work with top leaders and senior teams over the last ten years in helping them develop as emotionally intelligent leaders has identified **7 essences of leadership** without which no leader can develop to a level of excellence.

There is a true understanding that effective leadership has changed dramatically in the last ten years

1. **A true understanding that effective leadership has changed dramatically in the last ten years.**

   This has been created by social and technological change, by globalisation and by the growing concern for the future of our planet. The causes and implications of the current financial crisis and economic turndown only brings this into greater focus.

   The human genetic default when we think about what leadership is " to know everything, and tell people what to do". To lead effectively this way is becoming more and more fanciful by the year. Our society is developing so fast while our genetic brain remains virtually unchanged since stone-age man. Yet even so, our brains learn better through insights than being told what to do. We can only keep up with the change by using our "personal choice" and "intense will" to put in the effort to help our neuro-circuits to reconfigure.

   Leaders need to be able to respond to the fact that today we can hold less than 10% of the information we need in our brains, compared to 75% only 20 years ago [(1)]. We need to earn the respect and loyalty of our followers, even as their desire for continuous learning, engagement, involvement and recognition increases.

2. **Increasing Self-Awareness**

   Great leaders have always been self-aware and this is one thing that has not changed. In fact the need for self-awareness has increased rapidly as modern leaders look to maximise the potential and output of their followers. We need to know our personality preferences. Do we think our way to solutions or feel our way? Do we like to leave things open or make judgements and decisions quickly? Do we think rationally when making decisions or intuitively, or both? How do we best learn – through reading, just doing, planning, or by trying alternatives?

Are we competitive?
Are we optimistic?
Do we like change?
What are our values?

Which senses are our most dominant – seeing, hearing, touching, listening? Are we competitive? Are we optimistic? Do we like change? What are our values? Do we have a philosophy about our ethics?

There are a myriad of tests and exercises one can take to measure all these variances, but often they are seen as a short term indulgence, rather than really helping an individual to build a picture of who they are. Knowing "who" you are increases that inner self-confidence and enables you to take on challenges much more effectively. Self-awareness is the first rung on the ladder to Leadership Excellence.

3. **Understanding how to manage emotions to improve performance.**

Self-awareness has become better understood since the development of the science of Emotional Intelligence (EI) in the 1990s. For example, understanding one's emotions and knowing how to handle them effectively has a huge effect on one's own performance but perhaps more importantly on the performance of those around you. Think of the highly emotional person who gets angry at everyone for a minor reason and then leaves the room and goes back to their job unaware of how they may have ruined the performance of the recipients for the next week. Leaders not being able to manage other emotions (eg: sadness, disgust, fear, surprise), while less obvious, can have equally devastating effects on the performance of themselves and others.

4. **Developing competence in 6 leadership styles and when / how to use them.**

Our genetic default leadership style is difficult to overcome but in our experience most leaders have developed their own leadership style that suits their personality and natural environment – and they use it all the time. Even leaders who are considered very competent usually only have two styles to choose from regardless of the circumstances.

Yet choosing the right leadership style at any particular time depends on the context and the individual(s) you are leading. A competent leader should be able to use all 6 styles (Visionary, Coaching, Affiliative, Democratic, Pace-Setting, Commanding) to cover the full range of contexts in which a leader might find themselves (2). No human has the natural acumen to be able to use all six styles naturally. They have to be learned and the only way to do it is by learning new behaviours.

Picture of Consultation Syndicate from the 23rd September Launch Event

For example to use the coaching style effectively you need to learn to be empathetic. This will sound a task too far for some but in our experience by focusing on learning to listen effectively, and then learning to understand accurately what people are saying, we find leaders actually become more interested in other people which can eventually develop into a real sense of empathy. Our research shows that "empathy" is the most requested development need of leaders by their direct reports (3).

5. **Learning how leaders can create the right culture which in turn affects performance.**

Many leaders mistakenly believe they have a direct impact on the performance of an organisation. The truth is that except when they lead the negotiations of an acquistion or major contract they can only influence the performance of the organisation. The single most important thing that a leader can do is set the right environment, normally referred to as the "climate" (4). The climate created sets the whole tone for the development or change of an organisation's culture (ie how we do and improve things around here).

If the leader wants to enable the development of a Performancing – Enhancing Culture then the climate must be one where change, honesty, transparency and mutual respect are the norm. The leader must set the example first. This will allow the development of trust without which no organisation can perform at its optimum.

It is the people in the organisation that creates the culture using the climate as a foundation. The culture determines the level of performance.

At LeaderShape, we look at culture in four axes; Power, Structure, Achievement and Support. In culture surveys we invariably find that virtually all the people (including the leaders) in the organisation would like to decrease the power and structure orientation and increase the level of achievement orientation and support.

Achieve this and a performance enhancing culture will have been created.

6. **The contract between leader and follower: expectations understood.**

Strangely, leaders rarely clarify what they expect from the people around them. This is frequently the cause of misunderstanding and eventual breakdown in relationships – or at best inefficiency in the relationship. To enable an individual to perform effectively they need to understand what behaviours are expected of them. The leader should also explain the responsibilities s/he is taking on in the relationship. Here is our suggestion for the responsibilities of an effective leader and an effective follower (remembering all leaders are also followers at times).

Strangely, leaders rarely clarify what they expect from the people around them

Leaders' Responsibilities:

- *Delegation:* To the lowest level of capability.
- *Empowerment:* Of individuals to act and take decisions
- *Support:* Don't abdicate responsibility when delegating. Continue to provide support and guidance. But, encourage them to come up with the solution.
- *Maximise Potential:* Company provides opportunity through new experiences, PDPs and challenges
- *Share as much information as possible:* Only keep information confidential when you can justify it
- *Do-what-you-say-you-will-do-when-you-say-you-will-do-it:* Everyone realises harmony and efficiency of an organisation requires this.
- *Involvement:* Everyone who is involved in implementing a decision should be involved in making it
- *Absence of " blame" culture:* Mistakes are where learning takes place. A blend of responsibility, judgement and process avoid serious mistakes. In successful cultures processes can be replaced by guidelines.

Individuals' Responsibilities:

- *Taking Personal Responsibility:* For this kind of culture to prosper, individuals must take responsibility for what they do and how they contribute
- *Accepting Accountability:* This means being willing to be measured by the results and rewarded only when results are delivered.

- *Being self-disciplined:* This is about self-management. It means doing what needs to be done regardless or whether the individual enjoys it, organising things in an orderly way and not letting emotions spoil the performance
- *Proactivity (Initiative):* No-one waits to be told what to do – everyone shows initiative where appropriate. Individuals are always thinking about what they should / could be doing and get on with it

7. **Identifying key strengths and behavioural development needs.**

The real barrier to change is knowing what to change and how

If it was not difficult enough for people to change, the real barrier is actually knowing what to change and how. In our experience a 360^o assessment is a vital ingredient in informing an individual where their strengths lie and what their key development needs are. The problem is there are a plethora of such assessment tools that just don't do the job effectively and often the process is so poor that there is no effective follow-up. It is critical that the assessment measures behaviours not skills, that it is confidential to the individual (it does not go in the HR file!) and that the inputs (apart from the line manager) are anonymous. Most important of all is that there is an effective implementation process to enable the individual to work on developing the key behavioural changes identified (3).

Many leaders unfortunately resist such an assessment – usually out of fear of what the findings will be. Overcome that barrier and you are well on your way to excellence.

References:
(1) Robert Kelley of Carnegie Mellon University 2008
(2) EI and Leadership Styles based on Goleman, Boyatzis and McKee (1995 – 2005)
(3) LeaderShape data, studies, surveys and empirical research (1998 – 2008) from leadership programmes and proprietary LEIPA 360o assessment tool results
(4) Ogbonna and Harris (2000)

7. Developing the Strategy of an International Bank

Mannie Sher, Director, Group Relations Programme, Principal Consultant, Organisational Development & Change – The Tavistock Institute of Human Relations.

The Tavistock Institute of Human Relations recently completed a leadership programme for a bank in a developing country. The programme was created to enhance the leadership capability of the bank's senior leadership – Board, Executive, Business Heads and Learning and Development staff. It was provided by the Institute's Principal Consultant and Director of the Group Relations Programme, Mannie Sher. Here Mannie explains the programme to show how effective the Institute's approach to leadership and organizational development and change can be …

Cross-business collaboration had been identified as a major block to the bank's future development in its quest to transform from a national and regional bank to an international one. The Leadership Strategy involved working with the Board, Executive, three Leadership Councils of Business Heads and staff of the Learning and Development Division of the Bank who were tasked with enhancing cross-business collaboration *within* the formal operating model structure.

The relationships between the Board, the Executive and the creation and function of the Leadership Councils, that later transformed into Business Forums, supported by consultations by staff of the Tavistock Institute of Human Relations, were important steps in the development of across-the-board leadership roles in the Bank as a whole. 'Silo' mentality and 'silo' behaviour were challenged most vigorously, resulting in enhanced cross-organisational collaboration.

Picture taken from 23rd September launch event

The Bank's Board later reported that as a result of the work of the Tavistock Institute, the Bank's share value had increased by 40% in a period of 9 months leading the Bank to becoming an attractive proposition for purchase by an international bank:

> *"Joint work between the Board, the Executive and the Tavistock Institute from January through to July 2004 resulted in the formation and implementation of 3 Leadership Councils of the 34 business heads, and the formation of Business Forums. These senior leadership bodies continue to meet regularly, independently and jointly, and they have enhanced cross-business collaboration between segments and products. This has led to increased banking profits that in turn has led to increased share value. The segment/products dynamics have been shown to be overlaid by political dynamics. Through exposing the political dynamics and increasing awareness of segments/products conflicts has allowed the matrix to work together instead of against one another."*

At the beginning of the consultation process, not all the top teams were uniformly in favour of the changes. Although the Leadership Councils provided a structure for Business Heads to collaborate overtly, natural resistances to the change programme required frequent revisiting of issues to ensure that changes in cross-business collaboration initiatives were firmly embedded in the four upper leadership layers of the bank. Often these layers of leadership would fall back to more comfortable 'old and known' ways of leadership functioning, usually expressed in safe Business Unit silos.

Leadership Development Programme - Research and Planning

The Leadership Development Programme (LDP) process was developed and designed by the Tavistock Institute of Human Relations in conjunction with the Bank's Organisation Development research consulting team. Working together, a process of research, design and implementation was initiated, involving interviews, workshops, conferences, feedback and review meetings and executive role consultations for the bank's Board, Executive, and Business Heads. The aim of these events was to provide a business-focused learning context for taking up leadership roles by the bank's top leaders to enhance cross-business collaboration. These initiatives, we believe, led directly to an enlarged market share and increased share value.

The Leadership Development Programme process was developed and designed by The Tavistock Institute of Human Relations

Leadership Development Programme – Process, Design and Philosophy

The LDP process was designed to simulate the bank as an enterprise as closely as possible so that the newly emerging behaviour and culture of the bank's leadership could be examined and explored by the top teams leadership and the joint Bank-Tavistock consulting team in real time.

One of the issues in the LDP was the anxiety of the top leadership over losing their domains and their power

Key LDP Issues

The key issues in the LDP were:

- Managing stability, consolidation and innovation during the CEO succession process.
- Reclaiming the bank's 'original philosophy' – moving from business ownership of the customer (silo) to shared ownership (corporate).
- Examining and working with the tension between business segments and products.
- Preventing past 'ghosts' from re-appearing (code for failed businesses) through the creation of huge committees that undermined the authority of Business Heads.
- Reducing the number of Business Units and rearranging them into sensible clusters.
- Anxiety of the top leadership over losing their domains and their power.
- Confronting the segment/product debate and avoid relying on the more commonly known and 'familiar' dynamics, such as race and gender, or white male domination, to explain the Bank's inefficiencies.
- Leadership's lack of understanding of whole-system thinking.
- A tendency towards premature "jumping-to-solutions", "follow-me" types of leadership in favour of more thought-through, collaborative inclusive types of leadership.
- Addressing the abiding organizational myth that one Business Unit would bring down the rest of the Bank.
- A dependency culture characterized by a 'keep quiet and follow me' attitude.
- Threats to self, role, job, status, power, authority etc.

'Salvationist' leadership
Relying on a 'find-and-fix' approach, this type of leadership was strongly solutions- and action-oriented; it valued tangibles above intangibles, disregarded the value of dialogue and informal social relationship-building, relied on bullying and hyper-critical behaviour towards self and others. This leadership was not a good team player, had low frustration tolerance levels, was opinionated, believed there was only one truth and was contemptuous of the views of others. More positively, this type of leadership was rational in its thinking, admired in banking circles, was highly visible and articulate, was unafraid, offered certainty and was intellectually intelligent.

'Revelationist' leadership
Revelationist-type leadership, on the other hand, searched for meaning in work roles, was inclusive, reflective and willing to learn from experience; emphasised cycles of evaluating, taking action, reviewing, planning, implementing, re-evaluating, re-implementing, etc.

Picture: Mannie Sher, The Tavistock Institute of Human Relations

The work of the LDP resulted in improved cross-business collaboration

It was able to tolerate repetitive leadership and business cycles, spent time attempting to understand problems before finalizing solutions, accepted that knowledge comes from several sources, was comfortable with dichotomies, paradoxes and ambiguities. On the negative side, this type of leadership was perceived as too open-ended, dithering with low implementation capability.

Outcomes of the Leadership Development Programme

The work of the LDP resulted in improved cross-business collaboration that corresponded with the senior leadership's acquisition of increased awareness of the complexity involved in their leadership roles. This involved close examination and reflection on the complex relationships between the Board, the Executive and their sub-committees, the Business Heads and their managers further down the organisation

Senior leadership developed capacities for working integratedly on 'real' business issues and on the intangible or 'soft' leadership issues.

Improvements in key banking fundamentals led to a successful bid by an international bank to purchase a controlling share of the bank that gave it the international reach it had strived to achieve. In addition to focusing on increased and effective cross-business collaboration and resolving internal dynamics like rivalry and conflict between the Board, Executive and the Business Forums, the upward abdication of responsibility of the second tier of leadership, silo behaviour of the business heads, collusion dynamics between the different races, etc., the Leadership Development Programme led to:

- The identification of external real banking business issues
- Successfully penetrated new markets in different race groups
- Developed micro-banking for the low-salaried and the unwaged
- Expanded the bank into the continent of Africa
- Led the financial markets in new national investments
- Attended to its relationships with Government
- Maintained the Bank's confidence and the country's financial system by working closely with exchanges, settlement houses and other market infrastructure providers; conducted market surveillance; and transaction monitoring.
- Promoted public understanding of the Bank's financial system by helping people gain the knowledge, aptitude and skills they needed to become informed consumers, so that they could manage their financial affairs more effectively.
- Secured the right degree of protection for Bank consumers by vetting entry to only those firms and individuals satisfying the necessary criteria (including honesty, competence and financial soundness) to engage in business.

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28th January
Berrill Theatre
The Open University
"Entrepreneurial Leading Out of the Recession"

- Through the Bank's authorisation, firms and individuals were expected to maintain particular standards set by the Bank; the Bank monitored how far firms and individuals were meeting these standards. Where problems arose, the Bank developed procedures for investigating and, if appropriate, taking action against those responsible for conducting financial business outside the rules.

- Helped to reduce financial crime by focusing on three main types of financial crime: money laundering; fraud and dishonesty; and criminal market misconduct such as insider dealing.

- With achievements in cross-business objectives, the Bank:

  - Used its resources in the most economic and efficient way;
  - Defined clearly the responsibilities of the senior leadership and management (the Board, Executive, Leadership Councils and Development Teams);
  - Balanced the burdens and restrictions on the Bank with the benefits of regulation for consumers and the industry;
  - Allowed for innovation;
  - Worked more effectively with the international character of financial services and markets and the country's and the Bank's competitive position

8. What do you want?

Is there anything you would like to see or be informed about in this publication? If you have any suggestions or comments, please send them to Bethany James at b.d.james@surrey.ac.uk.