MAIN FEATURE:
Leadership lessons from the high seas

WORKING STRATEGICALLY WITH TALENT
Examining the six myths of talent management

THE TONE FROM THE TOP
Research findings discuss the Board’s role in setting, upholding and maintaining the organisation’s ethics

ALSO IN THIS VOLUME
• Why organisations need steward leaders
• Ashridge’s leadership development work with FrieslandCampina
• The changing role of leadership
Welcome to the latest edition of the Ashridge journal 360°, which I hope you find interesting, thought-provoking and above all useful.

Times are changing and a growing number of people now prefer to access content online. So in response to both the general trend – and to feedback from our readers – we have taken the decision to make 360° primarily an on-line publication from now on. This can be accessed at www.ashridge.org.uk/360

The aim is to make it more accessible and interactive for our readers. Many of the articles now include video content and there is a comment box at the end of each article where you can contribute your views and engage in debate.

I do hope you enjoy this edition and I wish you Season’s Greetings and a happy and successful 2014.

Toby Roe, Communications Director
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Engagement through CEO Eyes: A Global Study
Amy Armstrong

In June 2013, Ashridge launched the findings of a piece of research on employee engagement. The study, *Engagement through CEO Eyes*, was conducted in partnership with Engage for Success, a UK Government-led movement tasked with improving engagement and well-being across business. The research sought to get under the skin of the CEO, to find out how leaders understand engagement, what stops them from engaging and why engagement levels in the UK are so low.

The research found that many CEOs are finding it difficult to cope with the challenges of leading in today’s climate, because they are failing to effectively engage with their people. Those questioned recognised themselves as potential barriers to engagement – some found it difficult to lead in an engaging way, because for example, viability and survival had become their sole focus in the current climate.

Others believed that aspects within a leader’s personality could lead to ‘disengaging’ leadership behaviours, such as acting out of self-interest or being unable to show personal vulnerability. The findings suggest that engagement is one of the most difficult parts of the leadership task, requiring leaders to possess specialist skills and attributes and often having to manage seemingly contradictory demands.

The second stage of the work will study engagement among a global population of CEOs.

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Deployment in Challenging Contexts
Dr Jill Flint-Taylor and Alex Davda

This programme of applied research aims to help organisations improve the performance, well-being and effectiveness of individuals deployed in challenging situations such as conflict zones. The project builds upon recent Ashridge research on personal and team resilience and leadership impact.

When resourcing assignments in challenging contexts, it can be difficult to ensure that those deployed meet the competency and behavioural requirements of their role, in addition to the necessary technical or professional skills. This is especially the case for those with management responsibilities, where failure is often linked to a negative impact on the team. Good leadership and management are important, but building “team resilience” has been shown to have a direct impact on strategic outcomes. In these often difficult situations, outcomes could include security, conflict prevention and humanitarian goals.

The aim of the project is to support organisations in ensuring that those deployed are well equipped to manage pressure and to create a healthy, happy and high-performing work environment. The ultimate objective is to develop an approach and set of practical solutions that can implemented by a wide range of organisations.

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Brand Substance
Nadine Page and Matthew Gitsham in partnership with Given, London

The research explores the emerging trend of Brand Substance, which is broadly defined as where organisations have an increasing focus on strategies and initiatives that deliver brand growth by creating positive change, for people, communities and the wider world.

During the course of this research, several leading thinkers and practitioners from the world of marketing and sustainability have been interviewed. They include Joanna Yarrow, Sustainability Manager for IKEA; Philip Almond, Director of Marketing at the BBC; Nigel Hollis, Executive Vice President and Chief Global Analyst at Millward Brown and John Elkington, a founding partner and Executive Chairman of Volans.

The findings will be published in early 2014.

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Critical Moments of Coaching – A comparison between clients’, coaches’ and sponsors’ perceptions of change
Erik de Haan, Nadine Page, Andy Copeland and Judy Curd

This research is the largest quantitative study to date to explore the ‘active ingredients’ of effective coaching for coach, client, and coaching sponsor. It is based on a global sample of over 1,700 coach and client surveys and nearly 100 coaching sponsors. It measured the strength of the coaching relationship in three areas – bond, task, and goal; personal levels of self-efficacy and personality preferences as the predictors of coaching effectiveness.

The results reveal substantial differences in how coaching is perceived by the three core stakeholder groups. While clients and coaches emphasise substantial intrapersonal changes that occur within the coaching relationship, such as new insights and increased self-awareness, sponsors refer mainly to more visible behavioural changes that clients display as a result of coaching, such as better communication and interpersonal skills.

The research has attracted global interest and several practitioner articles have been published based on the preliminary findings. Analysis of the final data set is underway, with further publications planned for early 2014.

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Seeing is Believing: Catalysts for Responsible Business Leadership
Matthew Gitsham and Lee Waller

It is now widely agreed that senior executives need to have a nuanced understanding of the major societal forces shaping our world and a need to know where and how to respond for the good of their organisation and society as a whole. This shift in thinking has implications for what business leaders now spend their time doing, and what they need to be good at. This in turn has implications for the leadership development processes organisations adopt to respond to these needs.

Ashridge has been working with Business in the Community (BitC) to develop an understanding of the catalysts for responsible business leadership, by exploring the role of experiential learning through HRH the Prince of Wales’ Seeing is Believing Programme and the interaction with other corporate and personal factors.

The Seeing is Believing programme is widely regarded as a landmark example of how to help CEOs and senior leaders in organisations engage with this new aspect to their role, and has been a key driver of change since it was established in 1990.

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Leadership lessons from the high seas

What is it that makes the difference between winning and losing teams? Why is it that some leaders seem able to motivate their teams to make awe-inspiring efforts while others struggle to create unity and bring about a successful outcome?

Trudi West works within the Ashridge Leadership Centre and Centre for Research in Executive Development. Trudi has examined the leadership and team outcomes for the skippers and crew of the Clipper Round the World Yacht Race. She is also researching the concept of Risk by exploring how senior managers actually think about and work with risk beyond trying to drive it out with simplicity and certainty. Her other research interests include Mobile Learning which can be used to support demand for continuous learning.

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“You could have a crew of good sailors and just chuck them all out on a boat and even though they’re all good sailors, that boat could still come last because none of them work well together. Or you could have a crew of people that have never sailed before that are eager and they listen and they follow instructions and you’ll win the race.”

**Introduction**

What is it that makes the difference between winning and losing teams? Why is it that some leaders seem able to motivate their teams to make awe-inspiring efforts while others struggle to create unity and bring about a successful outcome?

New insights into the leadership behaviours that lead to outstanding team performance have been revealed by Ashridge research into the experiences of skippers and crews taking part in the Clipper Round the World Yacht Race.

The recent study, The Challenges of Leading: Insights from the Clipper Round the World Yacht Race, examined the challenges faced by skippers as they led their crews on a 12-month circumnavigation of the globe, covering 40,000 miles and visiting 13 countries. It identifies the leadership behaviours employed by skippers on board the yachts, highlights what appeared to inhibit success and looks specifically at what business leaders can learn from the experience.

**A level playing field**

Ten identical 68ft yachts took part in the race, with a mix of professional sailors and amateurs drawn from different walks of life and with ages ranging from teenagers to those in their 70s. This diverse group had to eat, sleep, live and work together in cramped and often wet and cold conditions. They had to cope with adverse weather, threatening conditions and overwhelming tiredness due to both physical exertion and disrupted sleep.

Although life on board sounds a long way from our working lives, many of these challenges are on a par with those faced by leaders in today’s harsh, pressurised and unpredictable business environment. Researchers conducted a series of over 75 interviews with 42 people at key points in the race to demonstrate the leadership lessons that can be drawn from experience on the high seas. The sample included 10 skippers, 22 Round the Worlders and 10 Leggers.

In one-to-one conversations, conducted at stop-overs in Cape Town, Singapore, New York and the Netherlands, the researchers looked specifically at the leadership and team-building challenges for those leading under pressure.

Interestingly, sailing itself was seldom mentioned by race participants as a challenge. It was fun, exciting and sometimes daunting – but sailing could be taught, learnt and mastered. The greatest challenges discussed most often related to people: “It’s not the boat, all boats are the same so … no, the boat’s fine. It’s the people; it’s always been about the people,” said one of the Round the Worlders.

**Winning behaviours**

Analysis of the interviews highlighted three ‘winning behaviours’ – alignment, capability and autonomy – which made a real difference to the performance of the teams.

- **Alignment** – the ability to manage multiple expectations and draw people together in pursuit of common objectives.
- **Capability** – the ability to develop clear and consistent processes that reduce friction and uncertainty and enable people to work and learn together.
- **Autonomy** – the ability to build trust and give people the discretion to organise themselves appropriately within a broad framework.

The research showed that when these three behaviours were applied in relation to each other, teams were inspired to put in an ‘awesome’ effort. When they were over- or under-developed, teams experienced ‘friction’ which slowed people down and
impaired the overall agility of the team – or ‘fraction’ which occurred when teams did not gel completely and developed a ‘them and us’ mentality, leading to the creation of ‘teams within teams’.

Eight key leadership lessons were identified – all of which can be applied to today’s challenging business environment.

**Eight leadership lessons**

**Manage expectations:**
The underpinning challenge on board each boat was that people had different reasons for taking part in the race. Some were keen to race competitively, while others were fulfilling a long-held ambition to sail around the world. Skippers who developed a common identity, separable from performance and based on the boat, the crew and the sponsors, met this challenge well. A collaborative process of discussion and feedback resulted in the skippers and crews reaching an agreement of common intent, producing a team that accepted responsibility and took action. The need to manage differing expectations is a challenge familiar to business leaders and managers. The research stresses that teams must genuinely work together to establish a common identity and common intent to reach the best overall outcome.

**Prioritise communication:**
Communication was a challenge for Clipper crews on many levels. They had to consider how, what and, importantly, why things were communicated as well as overcoming the physical challenge of making themselves heard against a backdrop of howling winds and lashing waves. Being able to communicate well reinforced the development of other capabilities – how people learn, integrate, manage themselves and support others as influenced by how people talked, listened and understood each other. Skippers and crew who were able to develop effective communication processes and adjust their style experienced less friction. This underlines that respectful behaviour, excellent communication skills and being able to adapt communication styles is fundamental to team-building and developing an agile team.

**Integrate new team members:**
One of the key challenges facing skippers was the need to effectively integrate ‘Leggers’ – crew members who joined at different stages of the race – into life on board with the ‘Round the Worlders’ who were in it for the long haul. The challenge was to integrate people into the team with consistency when there were different sailing skills, abilities and attitudes at different stages across the race. The implications for business here can be linked to integration of teams more generally. It is very rare for a team to remain consistent from beginning to end; people come and go; energy and drive rise and fall. Teams will restructure, leaving some of the team intact and new people joining which leaves space for uncertainty.

**Focus on the broader team needs:**
Maintaining the needs of the race with the broader needs of the boat was a challenge that impacted on outcomes. Taking an approach that focused on technical expertise and concentrating effort on one or two specialised tasks led to streamlined action. Skippers who focused on the broader needs of the boat, however, gave crew the opportunity to stretch their experience and increase their knowledge by working on different tasks. There are clear parallels here to organisational life. Leaders who focus on the broad needs of the organisation provide a framework within which their people can adapt, adjust, learn and improve their ability to spot both opportunity and risk.

**Adapt to evolving external environments:**
Keeping the crew motivated across the span of the race was a real challenge for the skippers. They had to sustain focus and enthusiasm and keep...
performance high during times when it was calm for long periods and work was repetitive, as well as keeping people going when times were tough. This suggests that it is essential for leaders from all walks of life to maintain the balance of routine with improvement through creativity and innovation. Leaders must adapt, interpret and re-invent to suit the evolving needs of any challenging or changing situation.

Develop a support network: Finding good support generally was a challenge as while there was some support from fellow crew members, or family and friends at home, the skippers often felt they had to keep things together for the sake of appearances. It is important for individuals to develop a support network to provide a safe opportunity to talk to people who can help them recognise and reflect on the issues. But equally, organisations must recognise that people under pressure benefit from good support.

Get enough sleep: Managing themselves when tired took extra effort as the skippers had to make sure they continued to function. Coping with poor judgement, emotions, irritability and changing moods on the boat was a challenge when tired as it was difficult to find the extra energy to cope with friction. Building in time and expectation for rest and ideally, healthy sleep, allows those working under pressure to think, make decision and assess risk with better clarity; this should be both at an individual and at an organisational level. Sleep boosts energy, increases effectiveness and resilience and enables leaders to face life’s challenges. Ashridge research has also shown that sleep is critical for memory consolidation – the brain’s method of transferring new information to our long-term memory. In short, leaders – whether leading sports teams or companies – must make sure they protect their sleep.

Develop trust: The crew started from a position of trust in the skipper as the person in charge of the boat and their safety. If the trust of the crew was damaged, then it became more difficult to influence and shape performance. However, the skippers started from a position of healthy distrust as they had to gauge what each crew member was capable of. It was in a skipper’s interest to develop trust in the crew to allow them to step back with confidence. By developing trust in the capability of the team, more energy can be spent on focusing on what is important for the overall performance of the organisation.

A new model
The research results have informed development of a Winning Behaviours model, which draws on the three key behaviours of alignment, capability and autonomy. It is a three-dimensional axis, where individual’s relative strengths can be plotted to indicate their potential to impact the successful achievement of goals.

“When the crew first came on board, they were low in alignment because they brought with them different expectations about why they were taking part in the race,” says Ashridge researcher and creator of the model Trudi West.

“They were also low in capability, both in terms of the technical skills of sailing together as a crew, and also the people skills of leading, learning and living together. Lastly, their level of autonomy was low as the skipper had yet to establish trust in their ability.

“A team that continued to develop alignment, capability and autonomy in line with each other experienced positive outcomes throughout their development. A team that was situated at the top back right corner of the cube, that were high on all three factors, were able to command themselves with competence, responsibility and authority. This enabled the skipper to distribute leadership amongst the team,
confident in the knowledge that he could step back and focus on the more strategic aspects of racing a boat with a team that were motivated to work together and achieve the best outcome possible.”

A place for command and control?

Examination of the winning behaviours has also led to an interesting debate on the way leaders and managers view the command and control style of leadership. In organisations, it is generally seen as a top-down, tightly-managed process that allows little room for autonomy or free will. The experience on board, however, suggests that if command and control is reframed to reflect the way it is used in the military environment, it can provide a powerful tool for leading people in difficult times.

What’s called for is a modern take on command and control, as there is in the military (Pigeau and McCann 2002) which allows individuals or teams to command themselves within a framework of common intent. If there is common intent – and this is both explicit and implicit – the team is more likely to accept responsibility and take action rapidly and when needed.

These insights about management styles and leadership approaches may have been gathered on the high seas – but they are applicable to all organisations and in many contexts.

Says Trudi West: “Faced with a prolonged period of uncertainty and change, effective team leadership becomes critical. There is no such thing as plain sailing in business during these economically turbulent times. Facing daily challenges in harsh and tumultuous conditions is what we have come to expect in an environment where there is no such thing as ‘business as usual’. When all things are equal, beyond controllable technical skills, and an uncontrollable external environment, it is people who make the difference.”

This is borne out by the comment from one of the race skippers: “The biggest thing I’ve learnt is how to manage people. It is up to you to try and manage your crew, stimulating and teaching them without the ability to give them any reward or punishment. To learn to do that and have these management skills gained from the Clipper Race means that I can now go into pretty much any company and manage a very large team.”

The report The Challenges of Leading: Insights from the Clipper Round the World Yacht Race can be downloaded here: www.ashridge.org.uk/clipper
The Ashridge Journal  |  Working strategically with talent: Challenging myths to deliver business success  |  Winter 2013/2014
Working strategically with talent: Challenging myths to deliver business success

Part 2: Getting beyond selecting a fixed élite of talent and predicting future success from current performance

Increasing business relevance and impact is at the core of what those working with talent need to achieve. In this, the second of a three-part series of articles, Laura Heath and Sophy Pern examine two further myths which underpin much of current talent management thinking, and discuss how practitioners and business leaders can effectively challenge them.

Laura Heath has consulted with clients to support organisational change and leadership development for over 20 years and has extensive experience of designing leadership and talent management programmes. She has a particular interest in supporting HR and talent professionals to “partner” with and influence business leaders.

Sophy Pern works with clients on a wide range of issues from leadership development, facilitating strategy engagement, HR strategy and talent management. She has an international background in HR and OD and as an external consultant across a range of industries. She co-leads the Ashridge practice group on Talent Management with Laura Heath.

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Introduction

Senior leaders consistently identify ‘talent’ as being one of their top areas of concern. Yet despite the wide range of talent management activities taking place in most large organisations, many practitioners in our client companies are expressing concerns about how they are ‘working with talent’ and feel that all is not well in this field.

Recent research from Ashridge has identified and tested six ‘myths’ which seem to underpin a great deal of thinking and investment in talent management:
1. Talent management follows strategy
2. Generation Y will grow up and start behaving like us soon
3. Focusing on a fixed elite of ‘talent’ will give you the best return on investment
4. Current skills and performance give you a good idea of future success
5. Talent is an interchangeable commodity like any other
6. Formal processes matter more than informal processes.

In the Summer edition of 360° we discussed the first two of these myths. In this second article, we explore in more details myths 3 and 4.

Myth 3: Focusing on a fixed elite of ‘talent’ will give you the best return on investment

Our research indicates that selecting an ‘élite’ talent group is widespread – indeed many practitioners argue that it is an economic necessity given resource constraints. As one of our clients in a major international organisation said: “We only have a small ‘pot’ to spend and an obligation to fill business critical and senior roles – of course we have to work out where we can get the ‘best bang for our buck’”.

Most organisations choose to focus their investment on a small group of individuals (around 1-5%) who have been identified as core talent, using criteria which are usually based on definitions of generic leadership potential rather than being linked to the business strategy or clearly identified skills for the future. The criteria tend to be weighted towards the selection of ‘people managers’ and can often exclude functional specialists, who may have their own career tracks to follow.

There are however some signs of this narrow selection process being broadened to include critical contributors at all levels (Towers Perrin survey 2010). Nonetheless, despite some broadening notions of ‘talent’ in organisations, the reality is that most organisations see the need to prioritise development efforts in a key selected group who then benefit from significant investment. Typically this includes financial investment in terms of formal development, as well as mentoring or support from senior leaders and prioritisation in deployment conversations.

A thorny question for most talent management practitioners is when to review the membership of this ‘élite’ group. In practice, our research indicates that most organisations struggle to review membership as organisational priorities shift, and in particular decisions to take individuals out of the group are highly contentious and controversial. Our observation is that the fact that membership is often experienced as ‘fixed’ is a key stumbling block for many organisations as they look to balance the desire to focus investment and retain the motivation and engagement of a key group of staff.

The risks associated with this myth

While the practical reasons for choosing to focus investment on a small élite are clear, there are a number of risks associated with this approach:

• Some key categories of workers (critical to the achievement of strategy) can get overlooked in this focus on senior leadership potential
• The process often relies on there being enough suitable roles available for the talent pool to move into (and this is not always the case, which causes log jams and frustration)
• In having a ‘chosen’ group, organisations can unintentionally create significant disengagement among those not selected (increasingly significant as Generation Y starts to enter the pool)
• The process can often be based on assumptions that members of the pool have the motivation to be/stay in the pool (and this is often not really tested as part of the process).

Areas of good practice

We have identified three key ways in which organisations can mitigate some of the risks noted above:

1. Maintain a dynamic process for identifying the talent population

It is important that talent practitioners not only take into account the shifts in organisational priorities, but also recognise the changes in personal drivers and circumstances that many in the ‘élite’ pool experience in the course of their advancement. They need to detect early warning signs that changes need to be made and make pro-active decisions about how to respond and flex their approach to the talent pool.

Organisations who have managed to maintain a dynamic process for identifying talent display some of the
following actions and behaviours:
Maintaining a constant dialogue with
their high potential group and being
careful not to assume that they have the
same mind set as previous generations
Paying attention to shifts in strategies,
skills, geographic and market priorities
and constantly adjusting/adapting the
pool and the development activities in
the light of these changes
Recognising that as non-high potential
people move through roles, new
abilities/capabilities will be revealed and
new talent may 'bloom' and need to be
included within the process.

2. Pay attention to the unintended
consequences of labelling particular
individuals as high potentials

In our experience, the way that this
labelling is experienced by the chosen
few is interestingly often at odds with
the organisational intent. Many high
potential individuals report feeling
under increased pressure to perform,
experience anxiety about the risk of the
label being removed from them, as well,
paradoxically, as having less rather than
more loyalty to the organisation.

3. Pay more than lip-service to the
notion that all individuals are
talented

As well as the consequences that
this labelling has on those who are
‘chosen’, it also has consequences
for how the majority of employees
in the organisation are viewed, and
indeed view themselves: either as
inextricably less skilled and capable,
or as mis-assessed. This in turn can
drive significant disengagement in key
categories of workers who are critical
to delivery now (for example specialist
knowledge workers who are an attrition
risk or individuals with key customer
relationships such as sales staff or
account managers).

In a world in which employer value
proposal plays an increasingly
significant role in attracting and
retaining talent, it is ever more important
(especially for Gen Y) that individuals
can see how they will be developed
and recognised within an organisation.
One example of how this plays out in
practice is in a leading global software
company which has created a strong
sense of development being a core
part of the employer value proposition
for all employees. While this offer may
be amplified for high potentials, the
strength of the underlying proposition
means that individuals who are not
high potential genuinely have a sense
of being treated as talent. This can also
facilitate the process of moving people
in and out of the élite pool.

Myth 4: Current skills and
performance give you a good
idea of future success

As the world-famous Shift Happens
presentation stated in 2008: “We are
currently preparing students for jobs that
don’t exist yet, using technologies that
haven’t been invented yet in order to solve
problems we don’t even know are problems
yet”.

In a world that is changing so rapidly,
being able to define the key skills that
will be required in five or ten years is an
increasingly difficult task – yet one into
which organisations continue to invest
substantial resources. Many organisations
report that they place much emphasis on
defining the ‘could be promoted’ capacity
through such mechanisms as the nine-
box grid (a widely used succession
planning tool). At the same time, many of
our research organisations admitted that
they still feel there is too much emphasis
on candidates’ current performance. As one of them stated: “We always look at current skills and current performance as a predictor of future success – a pity, I think”.

This myth seems to operate on an assumption that a ‘perfect skill set for 2023’ can be identified from which ‘objective’ assessment processes can be designed to identify the candidates with the right capabilities. In our experience, these tend to be somewhat ‘centre/HQ country’ biased and take little to no account of culture, gender or organisational context.

**Areas of good practice**

1. Use much more broadly based criteria than pure ‘performance’ measures to select talent

We find that leading organisations ensure that candidates and their line managers pay attention to such factors as:

- Learning agility (for example as demonstrated in the way candidates have grown/stretched their previous roles rather than relying on assessment processes
- The trajectory of their progression in previous roles – what pattern can be seen?
- The degree to which they are seen to have had a real business impact in previous roles
- The degree to which they have demonstrated resilience and adaptability in challenging contexts
- Evidence of risk-taking and innovation
- Their willingness/ability to be mobile
- Their level of ambition/motivation to hold senior roles
- Understanding the factors (such as a mismatch of values for example) which may ‘derail’ candidates.

2. Designing development processes that are more aligned with strategic priorities

The research shows that many organisations often recruit talent groups to work on ‘key strategic projects’ as part of their development.

In our experience there is a risk that these can be seen either as ‘vanity’ or ‘dreamed up for HR’ projects or, at worst ‘fillers’ for executive education programmes which do not go on to have much support from the Board or impact in the organisation. This can be deeply de-motivating for the participants involved.

In our talent development programmes we therefore – for example – work with the senior leaders in the client organisation to identify appropriate ways in which the participants can engage with the ‘real’ strategy process (for example testing out scenarios in the field), thereby enriching the strategic process and forming strong links between participants and senior leaders.

3. Engage with mutual learning processes by developing learning partnerships across a range of organisations from both similar and different sectors

We have noticed from our work in this area that many organisations adopt a very “closed” or internally-referenced approach to developing their high potentials. We encourage our clients to work across organisational boundaries; examples include:

- Shared development programmes/ddevelopment experiences with participants from several organisations (shadowing, market studies, shared work on key topics)
- Setting up project work with other organisations (even competitors)
- Providing ‘hot-houses’ for a range of clients from different sectors to come together to explore and act as consultants to each other in addressing key strategic challenges
- Enabling participants to engage with their customers in generative dialogues
- Modelling development approaches that reflect participants’ preferences, for example use of social media, networks, virtual working as well as face-to-face.
We feel this is of increasing significance as Generation Y becomes more predominant. Working with peers and networks outside the organisation is in their DNA and they will expect this kind of external connection to be part of their development.

- A more realistic and grounded picture of where the ‘talent’ is in the organisation
- Improved Return on Investment (ROI) for talent programmes and enhanced credibility for TM practitioners.

Conclusion

As we have seen above there are some key assumptions about how to identify and develop ‘talent’ in organisations that may be hindering the availability and motivation of the senior leaders of the future (and successful organisations who can adapt and realise their strategies).

Challenging the myths we have outlined in this article has proved to be a thought-provoking and useful process for the talent practitioners we have worked with, both in our workshops and as clients. Refreshed thinking will hopefully lead talent practitioners to have more effective business impact and enable them to generate a better return from the often extensive resources that are committed to talent development in organisations.

Early indications show that those who challenge their thinking in this area can reap significant benefits, including:

- Greater degrees of innovation and creativity
- Increased organisational agility
- Improved reputation/employee value proposition (increasingly important for Gen Y)
- Better links with business needs with development activities seen to be more focused and relevant
- Better employee engagement
- Greater flexibility in the organisation to move people around and respond to changing needs in the business

Future articles

In the next edition of 360°, we will look at the degree to which talent can be seen as an interchangeable commodity like any other and at how it is often the ‘informal’ elements of organisations (culture, line management, behaviours etc) that can undermine or support the effective development of talent.

References


To request copies of these reports contact rebecca.coatswith@ashridge.org.uk

Towers Perrin Survey 2010: www.towersperrin.com
Case study: Involving talent in the strategy process

Ashridge has worked with a wide range of international clients to help them create a real link between business issues and the development that is being offered to their talent population.

For example, in a leading global IT services company, we have helped to bring strong links between the talent programme and the senior leaders involved in the strategy development process.

As part of the development programme, we have designed a process in which programme participants test out various aspects of the organisation’s strategic objectives ‘in the field’.

The outcomes of this process are then fed back into the strategic decision-making process. In this way the organisation is consciously mobilising its talent to engage in and enrich actual strategic thinking within the organisation, rather than simply carrying out pre-set tasks that have been originated elsewhere.

This has brought about a number of benefits:

- The talent process is seen as being more credible by the business and especially by the senior leaders who see directly how strategy has been executed and become enriched
- Those in the talent pool experience in practice (rather than in words) the commitment of the senior leaders to their development and can see how they are able to influence strategy positively
- The ensuing strategy is seen as being more robust, and more ‘bought into’ in the real functioning of the business as a result of this process.
Designing development centres: Key principles

**Appreciative**
A positive experience focused on strengths and the assumption that talent is already here.
Strengthening links between employee and organisation.
Staring with an appreciation of individual development goals as well as organisational needs.

**Business focused**
Design of centre to focus on helping participants meet the future needs of the organisation.
Post-centre evaluation to assess impact for the business (in form of strategic capability update) producing high impact outcomes (rather than simply outputs).
Exploring real potential by including measures of learning agility, resilience, motivation
Informed by 360° insights/influenced by real life insights into performance.

**Customised and connected**
Centres designed for specific purposes rather than use of off-the-shelf materials
Based on an understanding where the organisation is at present and what will or could change
Requiring clear and consistent engagement of senior managers and leaders in the organisation, strengthening organisational ties.

**Developmental**
Centres should balance elements of challenge and support, integrating multiple touch points for coaching, reflection, individual and group feedback
Reflective of diversity and gender and cultural shift
Leading to clear and actionable development plans for each individual.
The tone from the top

Research sponsored by Ashridge has shown that although organisations universally recognise the importance of an ethical approach, many do not have consistent procedures in place for setting their ethical compass.

In this article we report on the research findings and discuss the board’s role in setting, upholding and maintaining the tone from the top.
Introduction

Many companies have been criticised for weaknesses in their business ethics, including, in some cases, breaking the law.

In 2013, the repercussions of PPI misselling, of LIBOR manipulation, of Deep Water Horizon, of the horsemeat scandal and other historic problems have continued to plague the companies involved.

But the problem of ethical lapses is not confined to business. MPs continue to be viewed with suspicion as a result of their expenses scandal. The National Health Service suffers from the Mid-Staffordshire scandal in which nurses appeared to ignore patient needs. Journalists are tarnished by the phone hacking scandal that first surfaced at the News of the World. There are few sectors of society that can claim the moral high ground.

We live in a much more transparent world. The implication is that ethical issues are commonplace. As a result, all boards need to think carefully about how they give ethical leadership to their companies.

Recent research sponsored by Ashridge Business School and conducted by Ian Muir, Director at Keeldeep Associates, gives insight into how boards provide ethical leadership. The research elicited the views of a range of mostly FTSE100 and FTSE250 chairmen from a diverse range of sectors and in particular looked at how boards monitor the tone that they are setting and how non-executive directors check that they are doing so. The research, which is detailed in a newly-published report The Tone from the Top, also identifies examples of good practice and assessment processes to minimise ethical risk.

Key findings

Boards should set a tone from the top

It was clear from the interviews that chairmen and their boards recognise the importance of the tone from the top. All interviewees acknowledged the vital role of good business ethics. Many had personal examples to discuss in which actions in their companies had fallen below acceptable standards. So all recognised the need for assurance processes and for the board to send the right signals. Moreover, most chairmen feel they are still learning. While most are comfortable with their board’s approach to compliance, there are big differences in the processes chairmen are using for ethical assurance.

As one pointed out: “We have to go further (than good governance) with visible action, taking the lead.”

Also, there is no obvious best practice on how best to deliver signals to the organisation about how managers should behave. Only a few of the participants appeared to have a structured holistic framework for addressing the challenge of setting an appropriate “tone from the top.”

A good tone starts with a good board

Good boards are made by good chairmen. So the starting point is a chairman with strong professional skills and high ethical standards. The chairman then needs to ensure there is a strong board. If executives respect the board, the signals the board gives will have more effect and will have more traction further down the organisation.

As one chairman explained: “The code of conduct was a game changer. It is the only document that goes to every employee worldwide. It’s about identity. A different way of talking about things. We had a strong launch, with ExCo members taking about their ethics.” Another chairman pointed out: “There was no corporate responsibility committee when I arrived. Now there is absolute commitment from the board.”

Ethical risk cannot be eliminated

Ethical risk is like commercial risk. It cannot be fully eliminated. All companies will have some of the following:

• “Bad apples” – people whose ethical compass is distorted or defective
• “Foolish or incompetent apples” – people who unthinkingly do the wrong thing
• “Pressed or tempted apples” – people who are in a situation that pressures or tempts them to do the wrong thing.

While boards have a choice of how much commercial risk they want to incur, they should try to minimise ethical risk. They can do this by strengthening recruitment and assessment processes to minimise the number of bad apples, training people to reduce the number of foolish apples and building moral backbone to reduce the number of pressured apples.

Strong governance is part of the tone from the top

Executives need to feel that the board is interested and knowledgeable and is likely to find out what is going on one way or the other. This requires strong processes of governance and reporting, and board members who take the time to walk the business, meet the managers and have an open dialogue between executives and non-executives. Most chairmen pointed out that non-executive directors are becoming more involved. One said: “NEDs can go anywhere in the company – any committee, any question, and product review board. And they do attend; the Executive welcomes it. My attendance at certain management meetings helps me see the talent and what their attitudes are.”
Boards should be particularly sensitive to signals of weak governance:

- Lack of transparency or a lack of information around critical decisions
- Failure by the executive or non-executives to confront difficult issues
- Adversarial interpersonal relationships or an atmosphere that makes it hard to air concerns
- Over-reliance on process rather than open dialogue

The tone must be led by the CEO

The board cannot replace the CEO in setting the tone. The board’s role is to support the CEO. The board can demonstrate the importance of good ethics by devoting time to the topic. The board can help the CEO with difficult decisions. The board can also check that the CEO is using all the levers at his or her disposal both to communicate the importance of good ethics and also to assess actual behaviour.

There are no silver bullets

None of the chairmen interviewed believe that there are simple answers to the challenge of setting the tone from the top. Moreover, with a crowded agenda of compliance and business issues, it may not be appropriate to attempt to add extra items to board meetings on business ethics. Hence, the challenge seems to be about finding levers that help communicate a high tone from the top without crowding out time for dialogue about the business.

A typical observation was: “The tone comes from the board. I meet the CEO every week or two. I assess the quality of the relationship: is it too cozy or are issues swept under the carpet? Are there unresolved issues? The real point is how you behave when ethically challenged. That is when your actions are tested.”

So what can CEOs and boards do to help manage the tone from the top? The research uncovered a long and varied list of ‘levers’ being employed by participating companies:

- Risk assessments: some companies seek to identify situations where bad ethical choices are likely to be most damaging to the company. For example information submitted to a regulator for a utility, or product quality for a branded company.
- Selection processes: companies are finding additional ways of assessing the ethical compass of new recruits and senior appointments, such as taking references from their previous finance executives.
- Board sub-committees: boards are setting up sub-committees or renaming sub-committees to signal the board’s commitment to business ethics.
- Employee survey processes: companies are designing questions for the employee survey to assess the state of ethics in different parts of their organisations. Some are using these to set individual targets for managers.
- Whistleblowing: companies are strengthening their whistleblowing policies to make it easier for employees to report dubious practices.
- Informal intelligence: non-executives are increasingly looking for opportunities to “walk the business” and meet executives in informal contexts.
- Ethical breach reports: some boards are calling for a regular report of ethical breaches, disciplinary consequences, learnings from breaches and communication processes around breaches.
- Codes of conduct: companies are using their codes of conduct to help signal their commitment, by for example, asking all executives to sign the code each year.
- Values and training: companies use values and training to reinforce their ethical code and build a stronger moral backbone in the company.
• External audits: companies are beginning to use external audits of ethical behaviour and policies to signal commitment and to demonstrate performance.

• Incentive and reward processes: companies are reviewing their incentive processes to identify situations where temptations or pressures may cause their people to behave out of character. Bonus and long-term incentive claw-back is becoming more common.

• Assessment processes: companies are adding ethical assessments to their performance appraisals.

• Business relationships: companies are looking carefully at all of their business relationships, particularly where a business partner may have different values.

The seven-step process assumes that the organisation has a CEO who believes that business ethics are important. Unless the CEO’s commitment is clear and evident, the process is unlikely to be helpful.

The seven-step process follows: the full version is detailed in the report The tone from the top (see below).

As a result of the research, Ashridge has developed a seven-step process which brings together best practice in this important area. An outline of the process follows: the full version is detailed in the report The tone from the top (see below).

The main focus for reducing the risk of bad apples should be selection and assessment processes. The best way to reduce the risk is to reduce the number of employees whose ethics are inappropriate. Assurance involves both input measures (are we taking actions that are likely to reduce the number of bad apples?) and output measures (do we have fewer bad-apple incidents?). Input measures could include:

• whether recruitment and appointment processes include an assessment of ethics and the rigour and inventiveness of these assessments, especially for senior appointments
• whether assessment processes include data on ethics and integrity
• whether employee records include information on ethical orientation
• whether whistleblowing policies encourage employees to report individuals with dubious ethics
• whether there are clear disciplinary and dismissal policies

Step 3 – Governance processes
The third element is governance. The governance processes should make executives feel as though the board and each layer of management are interested, knowledgeable, want to provide guidance and are likely to find out what is going on one way or another.

Step 4 – Signalling the importance of ethics
There are many ways in which a board can signal its commitment to sound ethics. The most powerful signals come from the behaviour, language and actions of executive directors, particularly the CEO. If the executives are sending signals that business is a game where fouling is OK if the referee does not see you (think football) or that cutting corners is acceptable to deliver results, no amount of “good tone” from the rest of the board will have much impact.

Opportunities to signal include:
• the membership of sub-committees, for example is the CEO on the CSR and Ethics Committee?
• appointments and communication around appointments
• agenda items, for example disciplinary and ethical breaches reports
• attention given to codes of conduct, values, training and employee surveys
• board training sessions – boards can have values training too
• external ethical audits
• decisions and communication around ethical breaches
• symbolic actions that communicate a commitment to do the right thing, such as compensating customers or suppliers who have suffered through no fault of their own.

To maximise the signalling power of board action, the board can pick an area of focus (or possibly two). It is unreasonable to try to cover everything, and the act of focusing allows the board to do a really thorough job in the chosen area, rather than having a once-over-lightly approach across a range of issues. If well-chosen and well-communicated, the focus acts as a symbol of the board’s commitment to integrity and ethics. It also enables the board to refresh the message by choosing a new area of focus after a few years.

Step 5 – Assurance: reducing the risk of bad apples
The main focus for reducing the risk of bad apples should be selection and assessment processes. The best way to reduce the risk is to reduce the number of employees whose ethics are inappropriate. Assurance involves both input measures (are we taking actions that are likely to reduce the number of bad apples?) and output measures (do we have fewer bad-apple incidents?). Input measures could include:

A systematic approach for managing ethical risks
As a result of the research, Ashridge has developed a seven-step process which brings together best practice in this important area. An outline of the process follows: the full version is detailed in the report The tone from the top (see below).

The seven-step process follows: the full version is detailed in the report The tone from the top (see below).
• whether there are clear policies about communicating the reasons for disciplinary action or dismissal.

A key output measure is the number of employees who have been asked to leave the company because of inappropriate ethics. In addition, a company might record the number of ethical breaches that appear to be the result of bad apples. A company might also note the number of employees with ethical “yellow cards”: where there is some concern regarding the employee’s behaviour. A company might also record those departments that get low responses on ethical questions in the employee survey.

**Step 6 – Assurance: reducing the risk of foolish apples**

The main focus for reducing the risk of foolish apples should be an identification of the situations where foolishness is likely to have significant consequences. For example, a company in a regulated industry might identify information presented to the regulator or accounting policies between regulated and unregulated businesses as critical areas. A branded consumer goods company might identify product quality. A retailer might identify the pricing of sale goods. A university might identify research integrity. An exploration company might identify safety. Knowledge of past scandals in the industry and an understanding of where trust between the organisation and its stakeholders is most precious, are helpful in identifying ethical risk areas.

These “ethical risk” areas are different from, although may overlap with, areas where business choices can seriously damage performance, such as launches of new products, terms of major contracts or major investments. Ethical risk areas are less about money-at-risk and more about reputation-at-risk.

Once a risk area has been identified, input measures include:

• whether codes of conduct exist tailored to these areas
• whether managers and employees in this area are given extra training, both to ensure their competence and to reinforce values, codes and the importance of ethical integrity
• whether managers and employees in this area have extra ethically-related elements in their performance reviews
• whether rewards and incentives in this area are designed not to create inappropriate pressures or temptations
• whether special whistleblower policies are enacted for these areas
• whether special management attention, controls and approval processes exist in these areas
• whether special attention is given to audits and checks in these areas
• whether processes exist for reacting to, highlighting and learning from breaches.

Key output measures might include the number of occasions when audits, checks and controls have identified a problem, the number of whistle blower inputs, the number of incidents that were not prevented and the number of low scores on ethical questions in the employee survey from employees involved in this area.

**Step 7 – Assurance: reducing the risk of pressured apples**

The main focus for reducing the risk of pressured and tempted apples is to identify situations where performance pressure or rewards could cause managers or other employees to take short cuts. The booking of sales is clearly a tempting situation for sales people who are rewarded on sales volume. The recording of expenses is a tempting situation for employees who can reclaim expenses. Information submitted to the Bank of England about borrowing rates proved to be a tempting situation for managers whose bonuses and bank’s reputation were affected by the data they were submitting. People can find it hard to be objective and act with integrity when their self-interest is at stake. As the saying goes: “It is impossible to get someone to do something, when you are paying them not to do it.”

Once situations have been identified that could pressure or tempt bad behaviour, the assurance process can use the same set of input and output measures as for foolish apples.

**Conclusion**

A systematic approach to setting the tone from the top, including a strategy for signalling to the organisation that the board is committed to high ethical standards, and to ensuring that the input and output measures are in place for the three sources of ethical risk – bad apples, foolish apples and pressured apples – should significantly reduce the ethical risk in most companies.
Kai Peters is Chief Executive of Ashridge Business School. Ashridge is one of the world’s leading and largest providers of executive education, including open programmes, tailored programmes, MBA programmes and consultancy. The business school was founded in an 18th century estate in 1959 and has over 100,000 alumni. Prior to joining Ashridge, Peters was Dean, and previously director of MBA programmes, of the Rotterdam School of Management (RSM) of Erasmus University in the Netherlands.

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Why organisations need steward leaders

Does your organisation want its leaders to be the best in the world or the best for the world? In an ideal scenario of course they would be both, but getting the balance right is a real challenge for today’s organisations.
Introduction

Competition is intense, economic times are difficult and organisations need leaders who can both deliver results for shareholders and also ensure a sustainable future for the business. At the same time, we are operating in an age of total transparency where unscrupulous behaviour cannot be swept under the carpet and consumers are increasingly vocal about their desire for companies to demonstrate social conscience as well as pursuit of profit.

These changing times call for a radical departure from the leadership styles of the past. We need to break away from the high achieving ‘hero’ leader and move instead towards a model of ‘steward’ leadership. The focus of leadership development needs to shift so that it is not simply about making a difference to an organisation’s economic performance – but also about helping organisations to become sustainable in every sense of the word.

In our new book Steward Leadership: A Maturational Perspective we explore how stewardship and the common good can be instilled and enhanced in younger leaders in order to create a more just society, and set out to provide a rigorous, researched framework which has been designed to achieve just that.

Why we need a new leadership model

The global financial crisis and the rapid pace of globalisation are radically changing the definition of what makes a good business, civic and community leader. Traditional heroic models and charismatic styles of leadership are under attack, largely because corporate and political scandals have destroyed trust in the integrity of many of those in power.

The need for an alternative, post ‘heroic’ approach to leadership is already documented. Ashridge faculty members Binney, Wilke and Williams, in their book Living Leadership identify that the heroic, leader – the goal-scoring superstar who does not mind carrying the team on his (or her) back – actually inhibits staff productivity and growth (and unnecessarily carries too much stress for one individual and, as a result, tends to make compromised and ineffectual decisions).

Sustainability opportunities and challenges, such as population growth and changes, big data, shifting social values, resource shortages and climate change are complex. We need leaders with the capacity to develop solutions to global issues and the capability to tackle political instability and resolve conflicts of interest within diverse contexts.

A previous Ashridge study of 200 CEOs presented a stark message: 76 per cent of executives said it is important that leaders have the knowledge and skills to respond to future sustainability challenges, such as resource scarcity, but fewer than eight per cent believe these skills are being developed within their organisations.

As companies pursue strategies for sustainability, they face the challenge of how to create working environments where these values are actually embedded and the interests of management, staff and other stakeholders are aligned.

Organisations need to put more people into leadership positions who understand the difference between right and wrong, have the skills to work effectively across many cultures and perspectives and who can see the wider global context within which they are operating.

A new leadership model

Our new book Steward Leadership advocates ‘stewardship’ as an alternative leadership model for the next generation of executives. It is a more viable alternative to current leadership practices because it is a more empowering and sustainable form of leadership, which is based on a sense of public duty and a responsibility to enhance the common good.

The steward leadership model empowers managers to become leaders who serve something greater than themselves, are prepared to take courageous stands, mentor and coach others, as well as deliver results with others. This is in sharp contrast to a conventional command-and-control leadership style, solely focused on reducing costs and creating profit.

A new generation of leaders is already reshaping the best-led global companies. There are some trailblazers who effectively display the traits of steward leaders, such as Paul Polman, CEO of Unilever, who sees balanced, long-term sustainability as key to ensuring the greater good for all, or Marc Bolland, CEO of Marks & Spencer, who advocates sustainability as the only business model that makes sense given the growing environmental and social pressures on companies.

Not all leaders, however, are able to appreciate this bigger picture. Over these past years we have seen educated leaders with the interpersonal skills of a blowtorch, alienating teams with their fixed and inflexible approaches. We have seen MBA graduates with a narcissistic, competitive, materialistic streak who sucked all the value out of a company.

In contrast, we have also seen young people with an intuitive knowledge of how to lead and support a team, church leaders with minimal education successfully leading a thousand souls and MBA graduates who
could rouse an army and defeat Genghis Khan.

What we have learned from these leaders is that it is possible to balance the short-term demands of shareholders, boards and staff with the longer-term responsibilities of sharing ideas and looking out for all stakeholders, future generations, and the Earth. We learned that we could work with the personal and the universal at the same time, without compromising either the short or long terms.

We also noted that while many senior leaders and executives in all cultures naturally move into a stewardship mindset – and focus more on the community and society at large as they get older or their careers mature – younger leaders are typically focused on their personal self-interests.

This tendency to become less self-interested and to engage constructively with others is a natural part of the process of maturing. But if we are to develop truly sustainable organisations, we need to see this stewardship approach develop much earlier in people’s careers and lifetimes (and organisations need to take purposeful responsibility for developing it within emerging leaders).

Steward Leadership: The nine dimensions
Risk-taking and experimentation: Successful stewards must display courageousness through openness to new ideas. Taking risks means trying out new approaches or ideas with little control over the results or consequences. Through trusting and empowering others we allow a community to develop where people can enhance and develop their self-esteem.

Vulnerability and maturity: Maturity requires a fundamental shift in self-awareness and behaviour to show empathy, compassion and actively listen. Steward leaders are authentic, value uncertainty, and are open to learning from others. They also understand the limits of their own knowledge and perspectives and move beyond conventional wisdom.

Raising awareness: Championing stewardship, sustainability and the common good is essential. Steward leaders must sound the trumpet of good corporate governance through raising awareness of a sustainable civil society characterised by service to society.

Delivering results: Achieving concrete and measurable results are central to stewardship. The steward leader is committed to delivering results responsibly in partnership with empowered others, within a purposeful community.

How to develop steward leaders

Central to developing these qualities of authentic stewardship is ensuring that managers review their personal development plan. Our research shows that simulation exercises, encouraging reflection and learning based on live-case issues, encourage participants to develop a new, deeper, holistic perspective on their leadership role.

The development of a stewardship mindset cannot, however, simply be ‘taught’—
it requires the individual to have some kind of internal impetus to evolve in this way, and a willingness (and courage) to move away from conventional approaches. Our research suggests that non-rational resources, such as dreams, insights, creative and spiritual experiences and emotions, are important in developing sustainable leaders. People who are prepared to step outside of the ‘norm’ and draw on these resources have less to fear from being authentic and wearing their heart on their sleeve.

To develop steward leaders, organisations need to broaden their talent pools and think more widely and creatively about the kind of people most likely to be capable of leading in a sustainable way. Managers who are most likely to progress successfully towards this style are those who are resilient, flexible and more liberal. Managers least likely to succeed are those who place high value on ‘conforming’ to the expectations of others. They may think the right thoughts and want to make the ethical decisions, but find the accepted social environment of the organisation difficult to break away from.

In practical terms, organisations who want to develop steward leaders need to shift their approach to development and place higher priority on providing immersive, experiential learning which impacts leaders on an emotional level and motivates and inspires them to embed sustainability in the business.

The following five points are key to enabling organisations to achieve real shifts in mindsets and develop new sustainable behaviours:

- Experiential learning is crucial. Getting a first-hand experience of what today’s global and societal challenges are all about is what makes a rationally understood idea at the back of the mind come alive and makes someone want to act on it. Witnessing the effects of climate change or deforestation first hand, for example, can be a transformative experience.
- You cannot just give people a random experience; you have to help them work out its organisational and contextual relevance. The best mechanism is a project-based, organisational challenge, where participants have to develop some kind of project with business value, based on their experience.
- Clear sponsorship and involvement from the CEO and other senior leadership is vital. This is one area is where walking the talk really counts. The stories those at the top tell must be true, consistent and authentic if people are to ‘believe, shift and do’.
- Unconventional approaches to development may be met by scepticism within the organisation at first – but it is important to allow emerging leaders to explore their spirituality, work on psycho-social issues (e.g. pursuit of perfectionism, fear of failure, inability to let go, unwillingness to compromise) which may be impeding their progress, and to support them in their attempts to embrace a wide spectrum of uncomfortable and comfortable thoughts, feelings and intuitions.
- Provide active support when individuals return to the organisation after an experiential development experience. This helps convert a shift in mind-set to a habitual new behaviour. Consider things like giving people enhanced/stretch/challenging job roles, encouraging line managers to be supportive, having a dedicated co-ordinator to provide on-going encouragement, and recognising and rewarding positive new behaviours.

**Conclusions**

Steward leadership is a more empowering form of transformational leadership. These developmental activities help leaders adopt the qualities of ‘stewards’ much earlier in their careers and lifetimes, to help create a new, more sustainable future.
Ashridge’s work with the global dairy company, FrieslandCampina
“I have realised I have a lot more power to lead change at all levels than I anticipated before.”

These are the words of one of 300 high potentials who have taken part in a ground-breaking global leadership development process, which Ashridge has developed with the global dairy company, FrieslandCampina.

The process has been the catalyst for a ‘wave of change’ that is impacting the way the organisation approaches everything from innovation to sustainability. It is helping FrieslandCampina to develop a cadre of future leaders who have the global mindset needed to help the business succeed on the international stage and achieve its challenging vision for the future.

Now that the process is coming to the end of its second year, profound changes stimulated by it are beginning to take hold with a noticeable acceleration in the pace of change and greater collaboration across the business worldwide. The ability of managers to lead virtually across global boundaries has improved significantly and there has been a marked shift in the willingness of the different generations to understand each other’s perspectives and work together more effectively.

“They are the changes we wanted them to be, leading the organisation to a next level. We have created a movement” said Willem der Lee, Corporate Director of Talent, FrieslandCampina.

FrieslandCampina recognised that if it was to meet these challenges and achieve its ambitious growth targets, it would have to bring about a significant shift in the way employees from all corners of the organisation approached their work. In particular, it needed to develop a truly global outlook, place even greater emphasis on corporate social responsibility (CSR) and move towards a more collaborative, networked style of working.

Strong and cohesive leadership would be critical to achieving all these things and this is where the executive board could see a real stumbling block ahead. There simply wasn’t enough leadership talent in the pipeline to drive the new ways of working and support the massive culture change that needed to take place.

“We recognised we needed to move swiftly to develop the right kind of leadership capability and ensure we had the talent available to run the organisation in the future,” said Jaap de Vries, Corporate HR Director, FrieslandCampina.

**The business challenge**

FrieslandCampina has ambitious plans to capitalise on growing global demand for healthy and sustainably produced food, which it has set out in Route 2020 – a detailed business strategy leading up to the year 2020.

One of its key priorities, in addition to growing the business, is to maximise the value of all the milk produced by its member dairy farmers. This challenge has been compounded by the fact that the European Union milk quota (brought in to restrict the amount of milk farmers can produce to avoid surpluses) will be abolished in 2015. On that date, FrieslandCampina will be obliged to take all the milk its members produce and find profitable ways to utilise it in a market already saturated for milk in its purest form.

About FrieslandCampina

FrieslandCampina is one of the world’s largest dairy companies, with nearly 20,000 staff, offices in 28 countries and annual revenue of 10.3 billion euro. The organisation is a co-operative with over 19,000 member dairy farmers in the Netherlands, Germany and Belgium. It produces and sells milk-based products, ranging from butter, cream and cheese to infant and toddler nutrition, to both consumers and business customers in 100 countries around the world.

**Developing leadership capability**

Can you accelerate the progress of high potential managers and equip them with the skills Friesland Campina need going forward? Ashridge together with FrieslandCampina designed a leadership development process as an integral part of
the wider culture change that was taking place. The experience needed to engage and enthuse participants but also win the support of key stakeholders throughout the organisation.

Innovative design: some highlights

Building an understanding of the wider organisational context and the need for a global perspective was the main goal so it was essential to get the conversation going across business group silos and between all hierarchical levels. To do this, a blend of learning activities, ranging from leadership development workshops, individual coaching, project based business challenges and virtual learning, was put in place. It was a co-creation process where a design team of FrieslandCampina and Ashridge joined forces.

Two major target groups within the organisation were identified by line management and HR-managers of FrieslandCampina, and bespoke programmes designed for each. These were phased over a nine to eighteen month period with on-going coaching and peer support, using virtual action learning methods, taking place in between formal sessions.

The programmes aimed to build participants' self awareness and reflective capabilities and to improve their ability to lead and inspire others. Embedded in their design was developing the ability to work collaboratively and to lead effectively in the virtual space. Significant focus was given to the work being undertaken virtually, with participants working together across countries, business functions and operating companies in action learning groups and in addressing key organisational challenges, which were identified by senior leaders of the organisation.

The support and engagement of the Executive Board, senior management team and departmental line managers would be critical to success and a range of activities were built into the programmes to ensure the commitment of these groups. Senior leaders were involved from the start in special virtual kick-off sessions to introduce the programmes and the mentoring role they were expected to play. Senior leaders were asked to sponsor the business challenge projects, engaging with the participants throughout the programme. They participated in challenging conversations about how to bring about change within the organisation and shared with participants their own leadership stories, 'warts and all'.

HR people from across the business were also involved from the start to make sure they understood how the programme fitted into the organisation's wider talent management and succession planning strategy and, indeed, they have played a key role in facilitating job moves for participants in their business areas to different operating companies and different countries.

Putting the programme into action

The process began in 2011 with four cohorts (149 participants in total). Further numbers would join the process on a rolling basis over a three-year period, with 300 having taken part by the end of 2014 and new group potentials being selected each year.

Some highlights

Personal development leadership events

These were designed to help individuals develop their self-awareness, improve their impact and presence and enhance their ability to manage themselves and their teams through stress and change. They helped to develop participants' leadership confidence as well as the open and honest learning culture from which all further development could grow.

Business knowledge gained through international experience

One of the target groups was given the opportunity to spend time in an emerging market such as China or Vietnam. Participants were challenged to spend their time learning about the potential market for FrieslandCampina products in the area with a view to developing with ideas on how their organisation could increase its reach and market share. This was not done in the 'classroom' but by participants engaging in a market inquiry in the cities of Shanghai and Ho Chi Minh City, appreciating the market drivers, competitors and competitor products.

In one visit to Ho Chi Minh City, a group of participants found that one of the largest schools in the area was using a competitor milk product. During the week, they secured a meeting with the head teacher, as a result of which the school switched its allegiance to FrieslandCampina. "A lot of leaders develop assumptions about customers and how the market works, based on their own experiences, so giving them this exposure to an emerging market, so they can find out what influences buying decisions, is really important," says Lindsey Masson, Client Director at Ashridge.

CSR as heart of the business

The programme included activities designed to highlight the importance of CSR and the role leaders play in creating tomorrow's world. During one overseas visit, participants visited an orphanage where they met children who had been severely disabled or disfigured as a result
of the long-term chemical impact of war. This had a profound effect on people and helped them realise that CSR was not an ‘add on’ but a philosophy that needed to be at the very heart of the business.

Being a cooperative, it was important to learn to engage a range of stakeholders so participants had the opportunity to ‘sit round the kitchen table’ with farmers from the FrieslandCampina co-operative. They were able to learn more about issues and concerns at the front-line of milk production and the farmers’ views on the future of the organisation, while the farmers developed a deeper understanding of the challenges FrieslandCampina was facing in the wider context and the perspectives of the next generation of leaders.

**Sponsored business challenges**

Groups were given projects to work on between scheduled events. One target group worked in small groups on business challenges, all directly linked to ‘live’ strategic issues within FrieslandCampina and sponsored by a senior leader. Participants were charged with presenting their findings and recommendations to a panel of senior management at the end of their 18-month development experience.

**Virtual learning**

There was a wealth of on-going support and input between formal sessions, and in keeping with the objective to raise the profile of virtual working, much of this was accessed and delivered remotely. Peer dialogue groups were set up to support on-going development. Virtual meetings, hosted by senior leaders, were also organised on a regular basis. These sessions focused on key strategic issues of importance to FrieslandCampina in a bid to help participants widen their understanding of the overall business context. All participants were given access to Ashridge’s virtual learning portal. In addition to being able to view a wealth of material, ranging from e-books and articles to webinars and best practice guides, to support their learning, the portal’s interactive functionality also allowed them to connect virtually with fellow participants and members of Ashridge faculty.

The feedback from participants was excellent: “The development was a good mix between theory and practice with very interesting interactions with colleagues. We shared our insights, visions, feedback, opinions and challenges very openly all together which made it a collective experience,” said one participant. “The programme is helping us create networks across the organisation. It’s made our lives so much easier because we now know colleagues from across the business who can help us out if we get stuck in the day job,” said another.

**The impact**

The programme has had a significant impact on both individuals and the organisation at a number of levels. It has proved to be a real catalyst for change – with the emerging new generation of leaders already starting to influence how FrieslandCampina goes about its business on both a macro and micro level.

“We are starting to fundamentally change the whole organisation. It feels as if some kind of surge or wave of change is taking place. Some people have inevitably been slightly unnerved by this – but the Executive Board is really up for it,” said Patricia Snel, Talent Manager, FrieslandCampina.

At the same time, several virtual methods have been employed to start up the conversation between Executive Board and the high potentials. One of the results is an initiative of a self-selected group...
of potentials and the CEO for a newly designed way of communication globally.

There has been a definite acceleration of talent through the FrieslandCampina pipeline, not necessarily promotions, but strategic career moves designed to equip people with the right skills to get them on the fast track to future leadership roles. Eighteen months into the programme 46% of the Academic Potential group have a new job and 50% of the Future Leaders have moved into new roles, a number of them moving into senior management.

The development programme itself has also gained traction and developed an excellent reputation across FrieslandCampina despite some initial scepticism among the general management population. This has helped to ensure there is a ready supply of good quality candidates coming through for future cohorts but has also improved the willingness of line managers to engage with the programme and support and proactively put forward people from their teams. Managers have reported witnessing real changes in participants, specifically around personal awareness, changes in ways of working and eagerness to consider next career steps.

Inspired by the experiences they had on a programme visit to Shanghai, a group of participants took a proposal to make CSR ‘part of the DNA’ of FrieslandCampina right to the top of the organisation. The group suggested the creation of a network of CSR ambassadors responsible for driving sustainability and making it an integral part of the day to day work in their business units. “Our premise was that CSR is not a ‘must do’ because our customers are asking for it but because it’s an essential part of our identity as a company and needs to drive everything we do,” said one of the participants. The proposal has been embraced by senior leaders and during the summer a group of participants hosted a conference on sustainable energy attended by topic experts, NGOs, farmers and other corporates from across the Netherlands.

**Conclusion**

Overall we can conclude that at the moment FrieslandCampina has substantial leadership talent in the pipeline to drive the new ways of working and support the massive culture change that is already taking place and this process continues to support the delivery of the long term vision.

The success of many of the business challenge projects has demonstrated an increased ability among participants to take a strategic view and drive through change. They have also made the senior management team sit up and take notice. Examples include senior directors revisiting their departmental strategies and giving customer-related targets higher profile; a new approach to overcoming innovation bottleneck being adopted in R&D; the use of a different channel to market approach in entering a new market and senior leaders adopting new approaches to lead and manage Generation Y.
After months of planning, a new research project was launched in June 2013 to address a question that three members of Ashridge faculty were increasingly being asked: In the light of the upheavals of the last few years and the ongoing rewriting of political, social and technological maps, is leadership changing?

John Higgins is a researcher, author and coach. He works intimately with established and aspiring leaders – encouraging them to find ways of marrying their personal and professional contexts. He believes that people have two choices when it comes to understanding why they lead (or follow) the way they do – either they embrace their past and shadow, or they are consumed by them.

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Colin Williams is an associate Client and Programme Director at Ashridge. Colin’s work focuses on leadership development, organisational change and multi-cultural working. He acts as an executive coach for individuals and teams, designs and facilitates large group events and runs a variety of leadership development programmes.

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Introduction

Colin Williams, Megan Reitz and John Higgins all work on the Ashridge Leadership Process – as well as with a wide range of other clients and programmes – and wanted to explore how people had experienced leadership (their own and others) in the last five years, and what assumptions they held about the future.

By the time the initial online survey was closed in September, over 200 leaders and aspiring leaders had responded and the focus for the next round of research became clear.

An overview of the initial findings and the focus for the next phase

Four areas of leadership tension and challenge stood out from the data. The first one is the over-arching conclusion and speaks of ‘Leadership as the impossible dream’. It asks: How can leaders take on the ‘heroic’ scale of responsibilities expected of them, while avoiding behaving like forceful heroes?

This cut across all the original research questions and addressed the enormous scale of expectation that people still have about leaders. They are expected to shoulder a ‘heroic’ breadth of responsibility. The buck still stops with people in senior positions when it comes to overall organisational performance, financial contribution and demonstrating extraordinary amounts of control.

At the same time, paradoxically, there is an emerging consensus that the time of heroic and forceful leadership is over. So the job of leadership remains heroic, but people want leaders to behave as if the job was ordinary.

Underlying this overall insight, three specific lines for further inquiry stood out:

First: How do you, as a leader, meet an insatiable demand for individual recognition and reward, in an increasingly connected and inter-dependent world?

The focus on the individual really stood out and left Colin, Megan and John wondering whether this amounts to a rejection of that guru of Total Quality Management, W. Edwards Deming. Is it possible to marry our cultural need for personal recognition with the well-documented need to pay attention to the performance of the team? And the fact that most organisational performance is governed by context, rather than personal effort.

Second: How do you pay sufficient attention to the need for organisational continuity in a world fixated with change?

The data showed a growing awareness of the need to promote stability and not just focus on disruption and change. This is a shift of some significance given how much of the leadership conversation, of the last decade and more, has treated ‘leadership’ and ‘change’ as synonymous. The challenge is how to make this unglamorous priority valued and recognised – in the face of its glamorous cousin ‘the new and different’.

Third: How do you control communication and corporate identity in a world of real-time global connection and social media?

Despite living through an era of unprecedented democracy, even anarchy, in communication, leaders are still expected to be able to control how their organisation converses with the world. It is well known that the most successful organisations are expert in the management of their public identity, so the challenge is how to do this when organisations have become completely porous – with information flowing in and out from every direction.

An invitation to join in (and find out more)

Over the coming months we will be carrying out a series of round table meetings and one-on-one interviews to explore how leaders are working with these challenges. If you would like to get involved please get in contact with Colin, Megan or John by email.

And if you’d like to find out more about the initial findings from the research please view the videos at www.ashridge.org.uk/360 in which Colin, Megan and John present and digest their thinking about the original data – and what it may say about whether leadership is changing.