High-Performing Leadership

At Criticaleye's Human Resources Director Retreat 2016, we conducted inaugural research into the dynamics of high-performing executive teams. What skills, qualities and development tools do senior leaders require to achieve their goals?

CEOs and senior executives are expected to create organisations that can move faster than ever before. They have to be comfortable with disruption, transformation and juggling decisions that take into account the short, medium and long-term interests of a business.

At Criticaleye's Human Resources Director Retreat 2016, attendees were surveyed on the HRD's role in equipping senior executives with the skills and capabilities to be successful in an environment defined by new digital technology, a multigenerational workforce and economic uncertainty.

The findings serve to highlight why effective leadership capability in organisations cannot be ignored by CEOs, HRDs and non-executive directors. According to the survey, an overwhelming 86 per cent of respondents identified a lack of quality leadership as a barrier to growth (see Chart 1). Similarly, over four-fifths of participants noted that the behaviour of senior executives is directly responsible for the formation of organisational silos (see Chart 2).

Organisations that remain fixed on a hierarchical, command and control model are going to struggle. A directive approach results in inflexibility, poor communication and an organisational culture where information and knowledge are withheld, rather than shared. The challenge lies in leaders being able to build an entirely new model, which encourages innovation and speed. >

When identifying the top five characteristics of a high-performing executive team, respondents ranked 'common purpose' as the most important. This was followed by 'trust', 'constructive challenge' and 'collaboration' **(see Chart 3)**. 'Technical ability' was seen as the least relevant, largely because such competence is assumed for individuals operating at this level.

The survey shows that just under a third of respondents (31 per cent) said the HRD is responsible for the leadership development of the executive team 'to a great extent', while exactly half said 'to some extent' **(see Chart 4)**.

However, it seems that additional work needs to be done if HRDs are to have the right tools to strengthen the leadership skills of those at the top. Over half of the respondents (52 per cent) said the current framework of support needs to be improved upon, while 39 per cent stated that the development programmes currently in place are inadequate **(see Chart 5)**.

Encouragingly, it's an area that CEOs are studying more closely. According to the survey, 26 per cent of respondents said that improving the leadership skills of the senior team is something the CEO is passionate about, while just under half (48 per cent) said it's increasingly being discussed **(See chart 6)**.

Mixed Signals

It's no secret that there are question marks over the ability of HRDs to operate strategically on a consistent basis. Their failure to understand the competitive landscape, or be able to fluently speak the language of the boardroom, remains

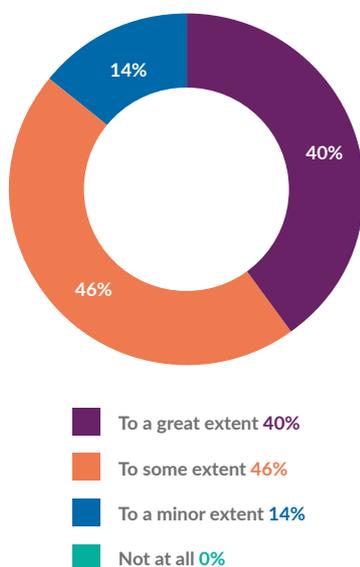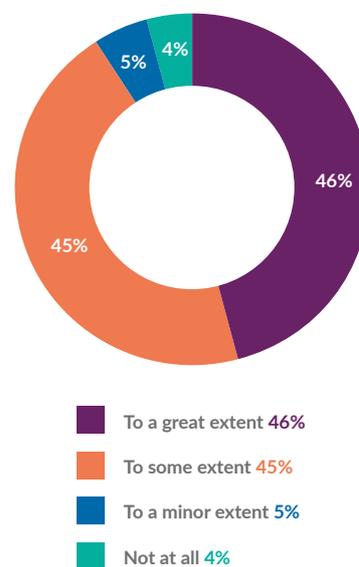**Chart 1: Is a lack of leadership capability in your organisation a barrier to growth?**

- To a great extent **40%**
- To some extent **46%**
- To a minor extent **14%**
- Not at all **0%**

Chart 2: To what extent does the behaviour of senior executives encourage the formation of silos in your organisation?

- To a great extent **46%**
- To some extent **45%**
- To a minor extent **5%**
- Not at all **4%**

far too common. This is perhaps reflected by 32 per cent of respondents saying that the CEO did not understand or fully appreciate the impact a HRD has on the business **(see Chart 7)**.

By contrast, when at their best, HRDs are regarded by fellow executives as a business partner who ensures that the talent strategy is aligned with real

commercial objectives. From a leadership perspective, they will spend time thinking about how to support a CEO by bringing together the right blend of skills and personalities in the top team.

According to the survey, 'external mentoring' was regarded as the most effective form of leadership development. This was followed >

Chart 3: On a scale of 1 to 5 (1 being the highest), please rank the most important characteristics of a high-performing executive team?
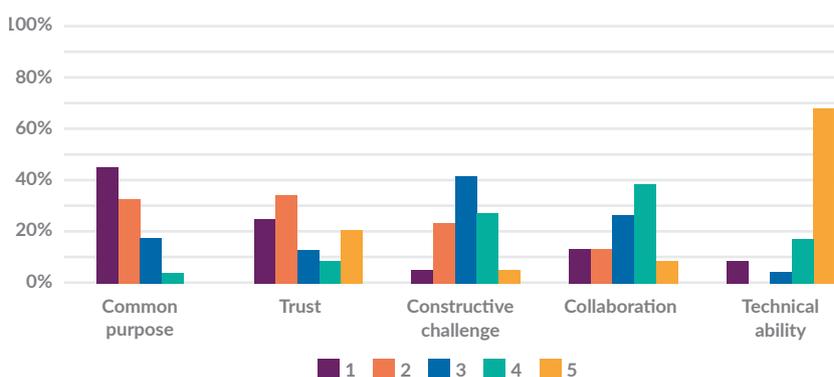
by 'experiential learning', the use of 'executive coaches, 'partnering directly with business schools' and 'external courses' **(see Chart 8)**.

Given the pace at which companies now have to operate at, it's essential for HRDs and boards to be thinking about the skills required for the future. This can be a tricky area when it comes to planning for replacements at the senior executive level, which is reflected in the survey by only 14 per cent of respondents saying they are happy with their current framework for succession **(see Chart 9)**. By contrast, 60 per cent of respondents identified the need to improve on what currently exists.

In summary, the High-Performance Leadership Survey confirms that executives are uncertain about how to navigate a new landscape for leadership **(See Chart 10)**. They need assistance in nurturing the skills required to remove silos, share knowledge and implement change in a way that doesn't create as many problems as it solves.

Arguably the most telling finding is that while the vast majority of senior executives meet frequently to discuss the future of the business **(see Chart 11),** one of the biggest reasons for them leaving is a lack of alignment over strategy **(see Chart 12)**.

It's not a situation that CEOs and boards can continue to ignore. ∎

*The attendees at Criticaleye's Human Resources Director Retreat 2016 represented organisations with revenue of over £418 billion and over 1.2 million employees

Matthew Blagg
CEO
Criticaleye

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The business landscape continues to change exponentially and it's very encouraging that organisations recognise that leadership capabilities need to evolve in line with this.

However, our figures seem to suggest that CEOs and leadership teams are not doing enough to ensure they have the right expertise in place for the future, despite the fact that over four-fifths of those surveyed believe that a lack of leadership capability is a barrier to business growth.

In today's 24/7 connected world, it's becoming increasingly clear to both leaders and their organisations, that you cannot operate in isolation, or at least perform at the highest level without any external reference points.

CEOs who do not see the value of engaging with a wider network of individuals who challenge their decisions and contribute their skills will be at a disadvantage to those who do.

Chart 4: Is the HRD responsible for the leadership development of the executive team?
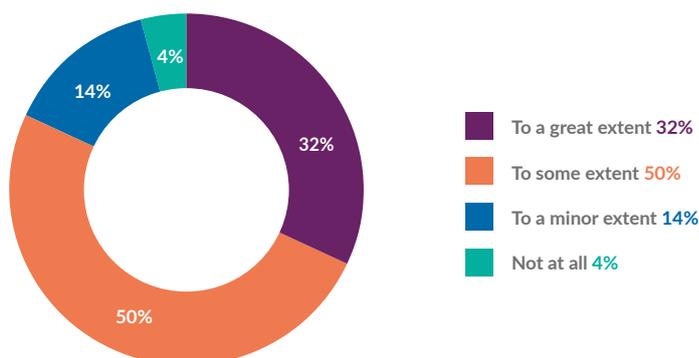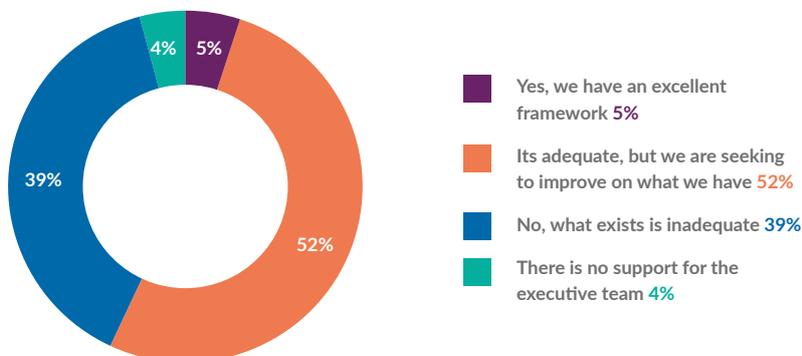

- To a great extent **32%**
- To some extent **50%**
- To a minor extent **14%**
- Not at all **4%**

Chart 5: Do you have the right framework to support the leadership development of the executive team?

- Yes, we have an excellent framework **5%**
- Its adequate, but we are seeking to improve on what we have **52%**
- No, what exists is inadequate **39%**
- There is no support for the executive team **4%**

Charts 6 - 16 Continued overleaf

Chart 6: Does the CEO see the value in developing the leadership skills of the executive team?
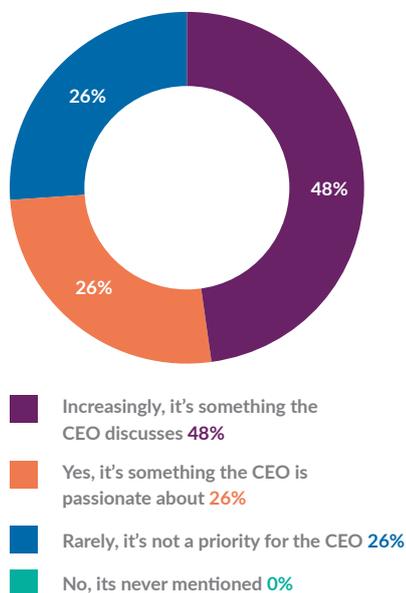
- Increasingly, it's something the CEO discusses **48%**
- Yes, it's something the CEO is passionate about **26%**
- Rarely, it's not a priority for the CEO **26%**
- No, its never mentioned **0%**

Chart 7: Does the CEO understand the impact you have as a HRD on the business?

- To a great extent **36%**
- To some extent **32%**
- To a minor extent **18%**
- Not at all **14%**

26%
Number of respondents who said their CEO is passionate about improving the skills of the senior leadership team

Chart 9: Is there a clear framework for succession in the executive team?

- Yes, we have an excellent framework **14%**
- Its adequate, but we are seeking to improve on what we have **60%**
- No, what exists is inadequate **22%**
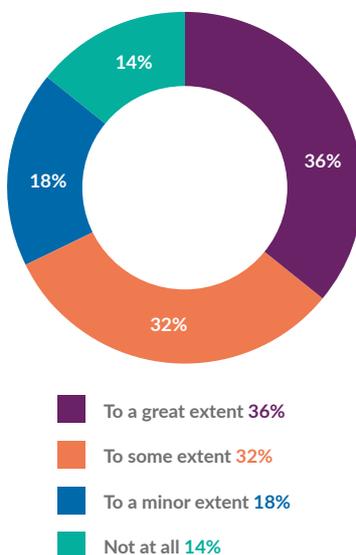- There is no framework for succession in the executive team **4%**

Chart 8: On a scale of 1 to 5 (1 being the highest), please rank what you value the most in terms of effective leadership development?
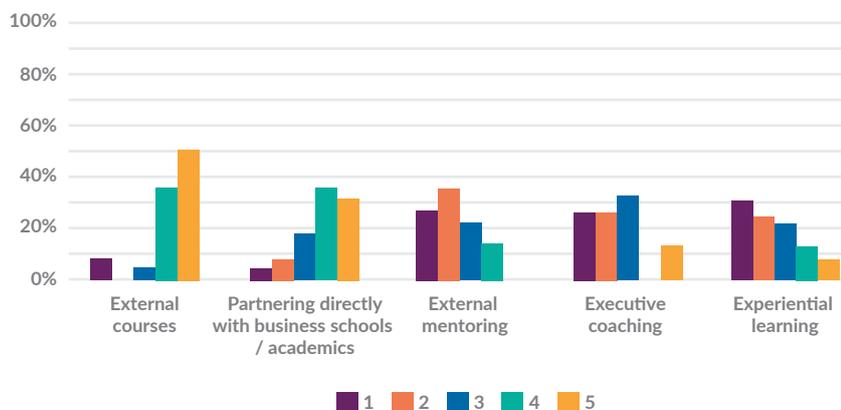
Categories: External courses, Partnering directly with business schools / academics, External mentoring, Executive coaching, Experiential learning

Legend: 1, 2, 3, 4, 5

Chart 10: Are the leadership skills needed to be a high-performing executive team changing?

- To a great extent **40%**
- To some extent **56%**
- To a minor extent **4%**
- Not at all **0%**
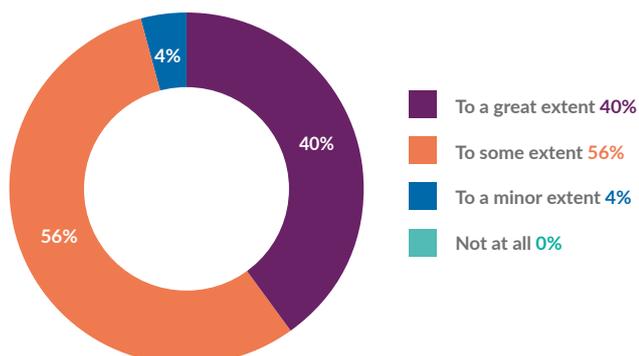
Chart 11: Does the senior executive team collectively discuss the strategy of the business?

- To a great extent **41%**
- To some extent **55%**
- To a minor extent **4%**
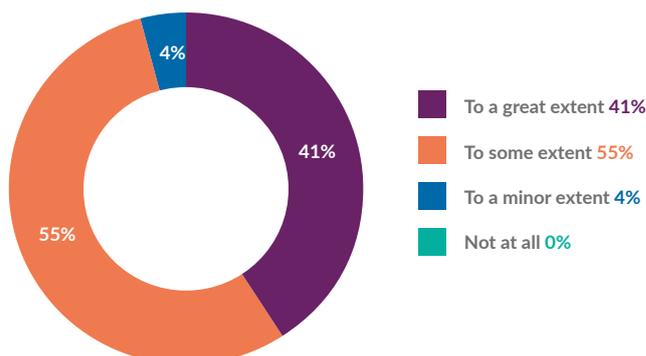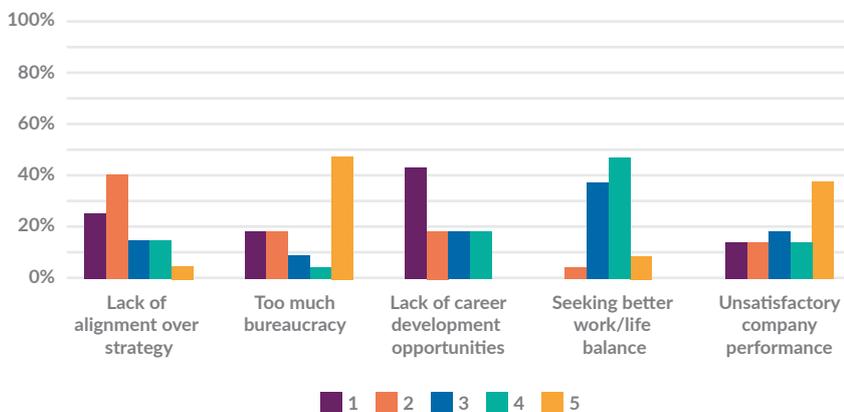- Not at all **0%**

Chart 12: On a scale of 1 to 5 (1 being the highest), please rank the most common reasons why high-performing senior executives leave your organisation?

Legend: 1, 2, 3, 4, 5

Categories: Lack of alignment over strategy; Too much bureaucracy; Lack of career development opportunities; Seeking better work/life balance; Unsatisfactory company performance

87% of respondents said they had used external mentors to support the leadership development of senior executives, while just under two-thirds had used experiential learning

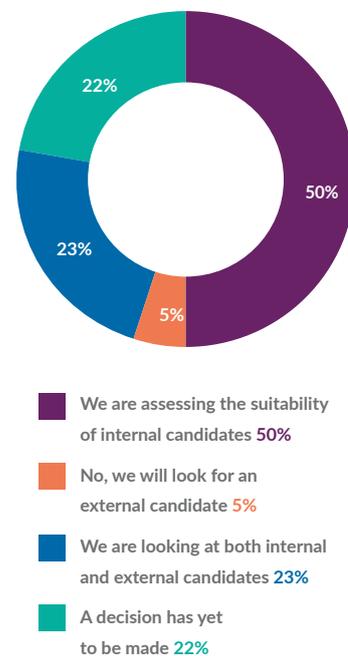## Chart 13: Will the next CEO of your organisation be an internal appointment?

- We are assessing the suitability of internal candidates **50%**
- No, we will look for an external candidate **5%**
- We are looking at both internal and external candidates **23%**
- A decision has yet to be made **22%**

Chart 14: Have you used external mentoring to support the leadership development of executives?

- Yes, we use external mentors **30%**
- On occasion we've used them **57%**
- Not for senior executives **9%**
- No, we have not used external mentors **4%**
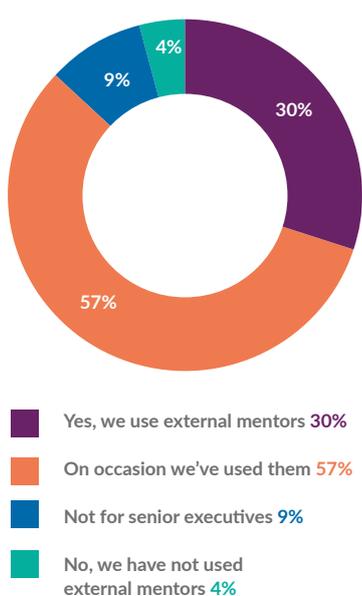
Chart 15: Do you use experiential learning to support the leadership development of the executive team?

- Yes, we use experiential learning **26%**
- We occasionally use experiential learning **39%**
- Not for senior executives **22%**
- No, we have not used use experiential learning **13%**
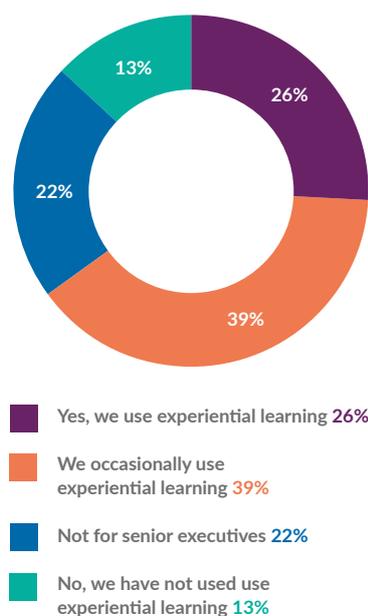
Chart 16: What is your organisation's size by number of employees?

- 1 - 250: **14%**
- 251 - 1,000: **14%**
- 1,001 - 10,000: **36%**
- 10,001 - 100,000: **27%**
- 100,001+: **9%**
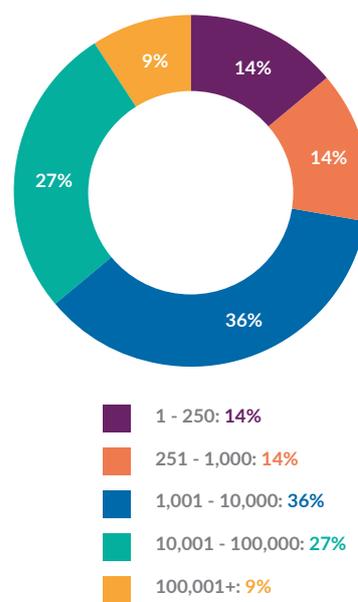
If you'd like to find out more about our HRD Survey, please email Matthew Blagg, CEO of Criticaleye