5 Steps to Developing a Culture of Leadership Excellence

DYNAMIC ACHIEVEMENT

POWERING EXCELLENCE

# 5 Steps to Developing a Culture of Leadership Excellence

Powering Excellence

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1. Why a Culture of Leadership Excellence is so Critical to the Success of Your Organization

Businesses that deliver exceptional results over a sustained period of time and consistently outperform their competition do so because of the quality and competence of their people who are influenced and inspired by <u>great leaders</u>.

These businesses create a strong culture of leadership excellence, which in turn inspires a positive and effective organizational culture which supports engagement, innovation and high performance.

Study after study shows that CEOs rank leadership development as one of their top three human capital priorities. These CEOs know that when leaders do their jobs well, employees do theirs well too.
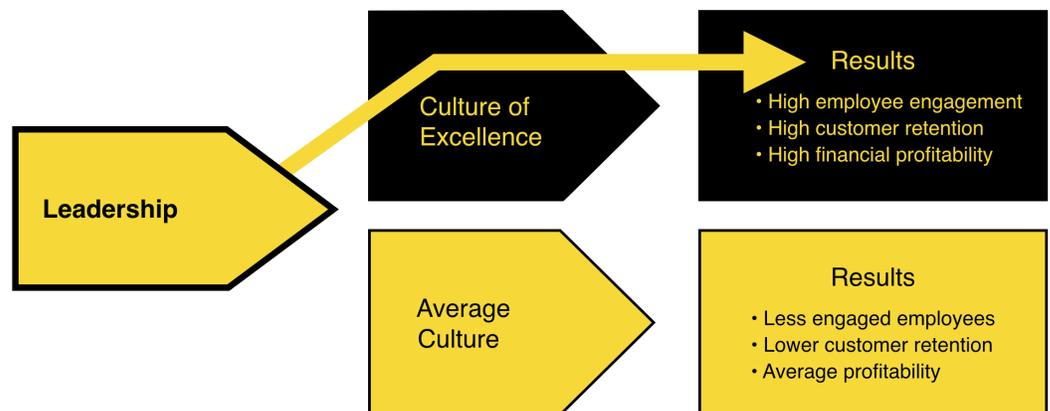
High performing leaders drive high performing cultures – high performing cultures drive prosperity.

High performing leaders are an organization's most important asset and represent the greatest competitive differentiation an organization can acquire. Organizations with high performing leaders and more engaged employees (GALLUP) report:

- *50% fewer lost time accidents*
- *41% fewer quality defects*
- *Significantly lower turnover*
- *Less absenteeism*
- *Higher levels of customer satisfaction and retention*
- *More unsolicited resumes*
- *Better employer branding*

Ultimately, as a result of all the above, these organizations experience 147% higher earnings per share.

2. Why Most Organizations Struggle to Create a Culture of Leadership Excellence

North American companies spend an estimated $14 billion annually on leadership programs that focus on developing and nurturing existing and emerging leaders (MCKINSEY).

Despite all the money that is spent on leadership development, most research indicates that companies are not getting the return on investment they are expecting. In fact, according to the Gallup research, 70% of employees in North America are not fully engaged and not working to their full potential.

In the US, the cost of this employee disengagement under poor leadership is estimated to be between $450 to $550 billion annually in lost productivity (GALLUP).

Most leadership development programs fail because they focus on skills training alone.

8 Reasons why so many companies fail to get the return on their leadership development investment that they expect:

1. **Recruitment:** The brutal reality in most organizations is that the leadership deficit starts in the recruitment and selection process where many organizations focus their selection criteria primarily on the candidate's technical skills and experience. This is a very short sighted approach as these organizations will then be required to look outside the organization for the leadership bench strength that is required to deliver results for the business.

2. **Technical Skill Development:** Most organizations spend their resources developing the technical skills of their people because they have short-term operational goals they need to achieve. The focus on day-to-day operations distracts them from their longer term goal which is to develop the leaders who will develop the people who will ultimately build the business. Building leaders is an exponential growth strategy. This concept is underestimated.

3. **Lack of Role Models:** In today's organizations there are many people in leadership roles, but few leaders occupy these roles. This challenge sometimes goes all the way up to the senior levels of the business as there are often people 'at the top' who do not demonstrate good leadership and are therefore not good role models.

4. **Lack of CEO Support:** In many organizations, the CEO delegates leadership development to others. However, there are some key business issues that simply cannot be delegated such as Strategy Development, Culture, and Leadership Development. These organizational capabilities are the domain of the CEO.

5. **In-Class Learning:** In most organizations, leaders attend workshops in a classroom setting only to learn the theory of leadership. They do not learn to be real leaders. Classroom learning alone produces a very low ROI as 90% of all classroom learning is completely lost within 30 days - unless the learning is applied on the job.

6. **Lack of 'On the Job' Application and Sustainment:** Leaders learn, grow and develop their leadership skills through their experiences of successes and failures on the job. In effect, leadership is learned in ACTION - in the business dealing with real business challenges, leading, coaching, and working with people. High impact leadership is not learned in theory or in a classroom but by consistent ACTION, reinforced practice, and continual feedback.

7. **Lack of Measurement:** Most leadership development initiatives are not measured before, during, or after the program. Initiatives that cannot describe what leadership success will look like and the impact it will have on the business; initiatives that fail to measure the application of the learning on the job; and initiatives that do not measure the ROI of leadership development are almost certainly going to fail to deliver any meaningful business results.

8. **Single focus:** Most organizations focus their leadership development initiatives on one modality of learning…classroom style. New leaders are sent to initial skills training programs, and existing leaders attend various leadership skills workshops. When a leadership problem arises (for example, if performance goals are not being met, or there is discord in a team) it is often assumed that the team leader does not have the right skills to perform their job properly, or is not able to properly engage and inspire their team members. The solution? Send them to more leadership training programs that will teach them the right skills. Unfortunately, training programs that focus on skills training alone simply don't work. Why? They don't create an overall culture of leadership excellence. More specifically:

   Most leadership skills training programs fail to address three important factors that are essential to developing real leaders and creating a culture of leadership excellence:

   1. They don't develop the leader's mindset,
   2. They don't require real behavioural change which leads to the desired cultural change, and,
   3. They don't focus on a blended learning approach that includes in-class learning, on the job application, and sustainment supported by the CEO and executive team.
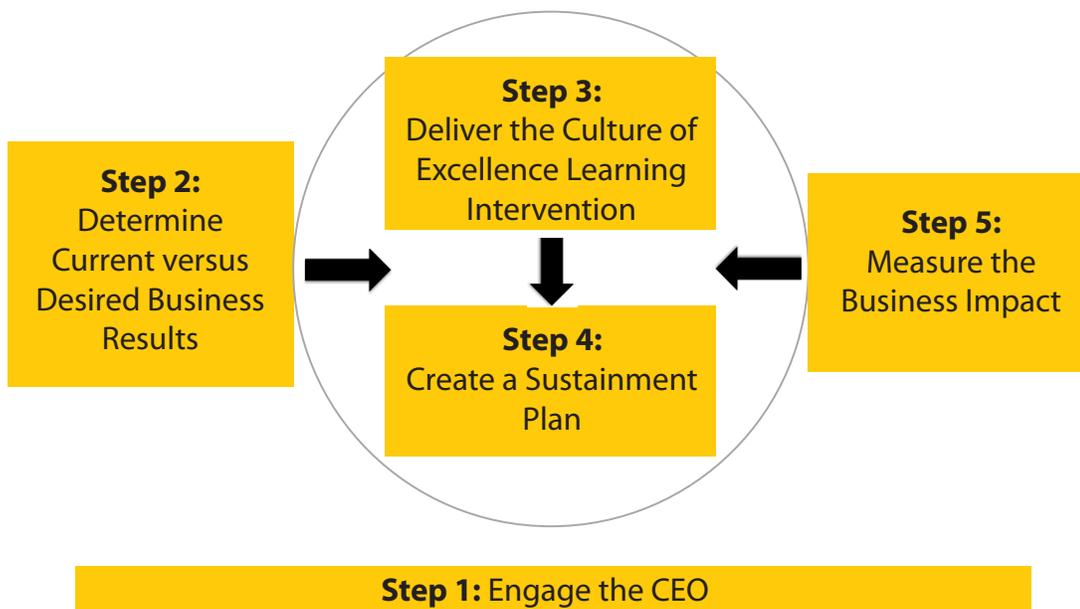
" The right leadership mindset needs to be in place before leaders can become engaged in and absorb leadership skills training.

3. The Dynamic Achievement 5 Step Model to Developing a Culture of Leadership Excellence:

Based on our experience over many years with multiple clients in various sectors and businesses, we have identified five key steps that must be in place if leadership development programs are going to provide a positive return on investment and deliver the results every organization needs.

Below is an overview of the five steps. We will explore each step in more detail in the next section.

5 Steps to Developing a Culture of Leadership Excellence

Step 2: Determine Current versus Desired Business Results

Step 3: Deliver the Culture of Excellence Learning Intervention

Step 4: Create a Sustainment Plan

Step 5: Measure the Business Impact

Step 1: Engage the CEO

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In Step 1, ensure your CEO is actively engaged in the development of a Culture of Leadership Excellence and holds him/herself 100% accountable for the growth and development of current and future leaders.

Study after study shows that great CEOs recognize that organizations that are outstanding at strategic execution and consistently outperform their competition do so because of the contribution of many employees who work collaboratively in teams. High performing employees are always inspired by great leaders - a few great leaders scattered here and there cannot do it alone.

Great CEOs recognize that they have a key responsibility and duty to identify and develop emerging leaders in order to deepen their organization's leadership bench strength. Great CEOs recognize that leadership is their greatest competitive differentiator. In large

Creating a culture of leadership excellence includes attracting, developing, and retaining only the best leaders who are able to actively engage and inspire their employees to achieve the highest levels of performance.

part, the competition can all access the same products, services, capital, infrastructure, locations, customers and suppliers. The main differentiator for any organization is the quality and capability of their leadership and their ability to hire and inspire great people to achieve excellent performance. Great people produce great results.

Great CEOs set measurable business goals for the future and ensure that leadership development initiatives will enable the accomplishment of those goals.

The barrier to success:

When organizations fail to deliver the desired results due to poor leadership, look no further than a lack of involvement and accountability from the CEO and the senior leadership team. You will likely find that leadership development was "delegated" or "abdicated."

Step 2: Identify the Desired Business Outcomes and the Leadership Capabilities to Deliver them

In Step 2, clearly identify the business results your organization is looking for <u>tomorrow</u> relative to the results you have <u>today</u>. Then, clearly communicate to all of your leaders and employees the vision and path to achieving this new future.

To enhance this driver, we strongly urge organizations to clearly articulate:

1. **Your future business.** Determine in measurable terms the business results your organization is looking for tomorrow. For example, if you could wave a magic wand and achieve the ultimate in business results, what would that look like from a strategic perspective, a competitive perspective, your customers' perspective, your employees' perspective, a cultural perspective, a financial perspective, etc.

2. **Where your business stands today (in relation to the desired outcome):** Using the same criteria (metrics) above, describe how your business is performing today.

3. **What your leaders of the future need to be doing.** Determine the business results you are looking for tomorrow (see #1 above) and align leadership development with those strategic goals. For example, to achieve this desired future, determine the leadership mindset, skills, competencies, attitudes, and experience your leaders of tomorrow need to have mastered in order to deliver those results.

4. **How your leaders are performing today:** Analyze how your leaders are performing today (what are they doing, how are they doing it, when are they doing it, and why are they doing it) and the overall results of their performance on the business (see #2 above). You need to have clear, measurable descriptions of your leaders' actions and the outcomes of their actions, the culture these actions create, the lost opportunities, and the likely cost to the organization.

What is your vision for the future vs. the results you are seeing today? Communicate your new vision and path to all of your leaders & employees.

FROM	TO
FROM (Current Business Performance)	**TO** (Desired Business Performance)
What business results does your organization have TODAY?	What results does your organization desire for TOMORROW?
FROM (Current Leadership Behaviour)	**TO** (Desired Leadership Behaviour)
What leadership practices prevail TODAY?	What leadership practices need to prevail TOMORROW?

As a result of taking this step:

- You will have a clear picture (a **Leadership Mastery Plan)** describing the skills, competencies, values, attitudes, experience, and mindset that ALL leaders need to hold and live by (with no exceptions) to drive the strategy, and create the desired culture and business results. All leaders need to be fully aware of the desired future and why staying the same is not an option for either the business or themselves as leaders.

- Each leader has a clear picture of the skills, competencies, values, attitudes, experience, and mindset that is required to be successful within the business (i.e. all leaders are deeply familiar with the Leadership Mastery Plan).

- Each leader knows his/her strengths and development needs relative to the Leadership Mastery Plan, and has a plan to grow his/her leadership competence.

- Each leader has a measurable business goal and a plan to achieve that goal.

The barrier to success:

When leadership development initiatives fail to deliver the desired results, look for:

    a) leaders and staff who lack clarity on the vision,

    b) leaders who do not have specific business goals and leadership skill development goals,

    c) leaders and staff who are not accountable for results.

Step 3: Engage teams with the Culture of Excellence Process

In Step 3, focus on developing a mindset and culture of excellence throughout the organization. Begin by developing a mindset of excellence in all of your leaders, then cascade that mindset and culture to every employee across your entire organization. Once the right mindset is developed, only then should you ensure that all leaders have the skills to influence, inspire and coach their employees to the highest levels of excellence.

Mindset and Performance:

After working with some of the world's most successful organizations and their leadership teams, we have asked questions such as:

- What is it that separates the super successful organizations from the mediocre ones?

- Why do some leaders manage to create an environment and culture that engages, enrols and compels their teams to deliver excellence, while others don't?

It has become clearly evident that **'The Difference that makes the Difference' is Mindset**.

Mindset is the way people view the world and their relationship to it (themselves, their job, their family, money, friends, team members, health, and others) It is like a lens that we look through. The lens that we choose will determine what we see (our outlook), how we feel, how we act and what we achieve or create.

A person's mindset is the most important determinant of success, happiness, engagement, and fulfillment. This mindset has the ability to create greatness or failure irrespective of your inherent talents or predispositions.

This is clearly evidenced by stories of people who excelled despite their challenging circumstances, and others who failed despite their privileged upbringing, situation and intellect.

The benefits of an organization-wide mindset and culture of excellence are leaders and team members who are:

1. Focused on delivering their vision and strategic objectives
2. Committed to excellence
3. Innovative and constantly learning
4. Accountable for results
5. Values Driven
6. Collaborative
7. Inspired by strong leadership

Only once you have developed the right mindset should your focus turn to developing the leadership skills needed to influence, inspire, and coach others to the highest levels of performance.

The barrier to success:

When leadership development initiatives fail to deliver the desired results, look for a program that is focused almost exclusively on skills and competencies, but fails to pay significant attention to the leadership mindset (mindset is a greater predictor of personal and organizational performance than skills and experience).

Becoming a more effective leader often requires changing behaviour through learning new skills and competencies and living by certain values and principles. However, without identifying some of the deepest beliefs, attitudes and feelings, change may be impossible for a leader, or at a minimum very difficult.

For example, if you have a customer-focused strategy in place that requires your leaders at the front line to make decisions – but these leaders are insecure about making mistakes – it is unlikely that these leaders will have the courage when needed to use their own initiative and creativity to provide their customers with a unique service excellence experience. This is a mindset issue and not a skill issue.

Create a plan to sustain your new culture of leadership excellence and remove any barriers to ongoing success.

Step 4: Create and Implement the Measurable Results Sustainment Plan

In Step 4, fully consider the business context needed for sustaining and retaining the skills, mindset, cultural attributes and values learned. Remove any barriers that may get in the way of sustaining this new learning.

Consider these two quotes:

"Learning is defined as a change in behaviour. You have not learned a thing until you take action and use it." Don Shula & Ken Blanchard.

"Learning is EXPERIENCE. Everything else is information." Albert Einstein.

Both of these quotes highlight the need for application, because leadership is learned in action.
When participants apply on the job what they have learned in the classroom, their retention rate increases to more than 60% compared to classroom learning alone without application, which has a 90% loss in learning within 30 days.

Real leaders learn leadership in action – not just in theory:

• Leaders must learn leadership working in the business, leading and working with people to produce outstanding results. It is only when leaders apply the theory in practice, and either succeed or fail – and learn from those experiences – that they will learn and grow as leaders.

• A true leader is never just a leader in title. To inspire and influence others to perform at their highest possible level, leaders strive passionately for significant personal growth and development as a leader and coach. They lead from within by continuously looking inwards - learning from their successes and painful experiences; and looking outwards – for feedback from others on how they are showing up.

• As a leader, the developmental journey towards personal mastery will never end. The more you master leadership in one arena, the greater and more complex the challenges you will face in the same or a different arena. By facing each and every challenge head on, looking in and out, you will build true leadership.

• Real leaders know that if they ever want someone else to change or their organization to change, they must change first.

The barrier to success:

Leaders are busy people and they go right back to their busy work and do not apply their newly acquired learnings on the job.

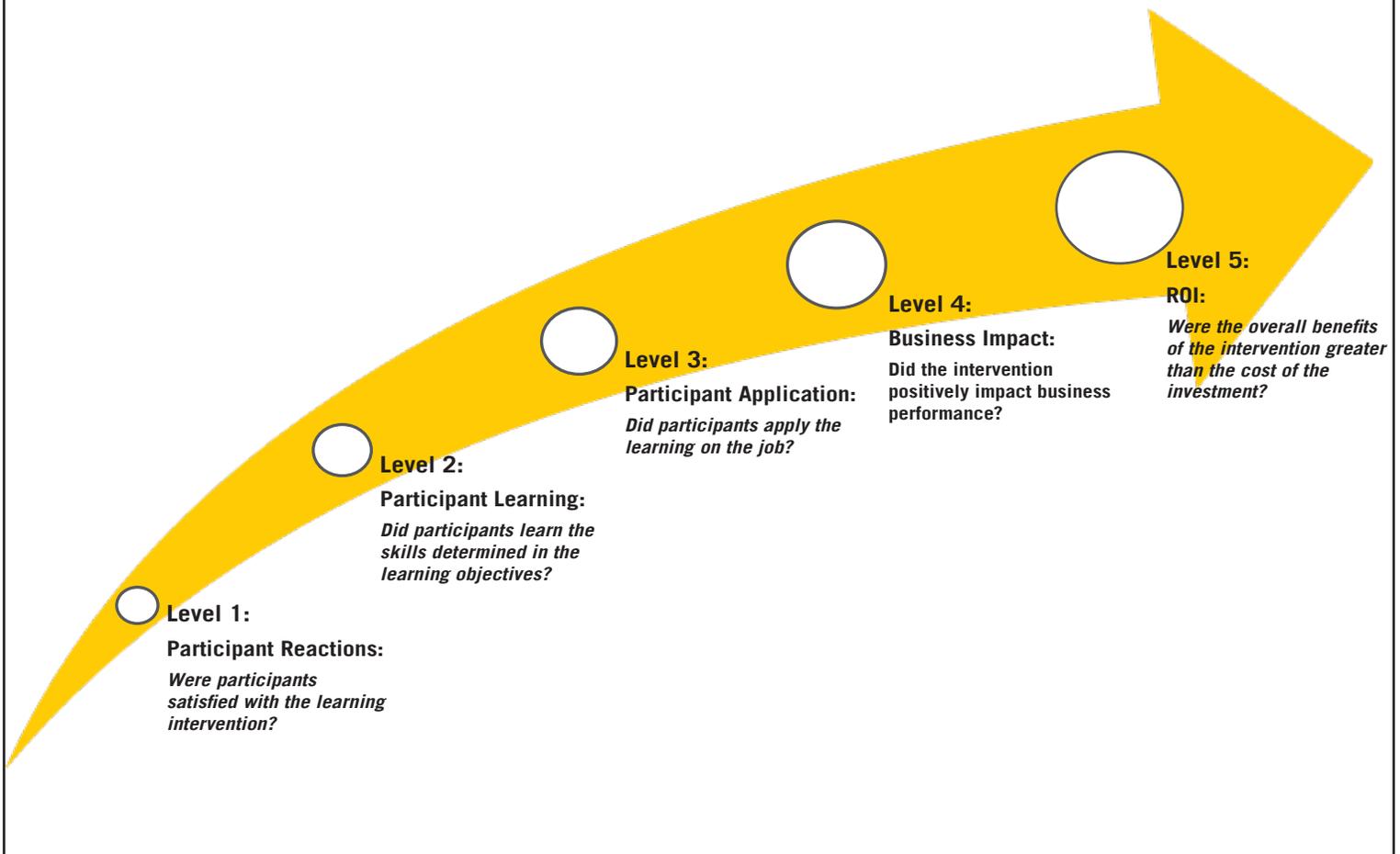# Step 5: Measure Business Impact

In Step 5, ensure that you are able to properly measure the business impact of this new learning (including comparing pre-program and post-program results).

To enhance this driver, we urge organizations to:

- Determine the impact of the learning intervention on the business – what influence did the leadership development program have on business results versus the influence of other factors?

- We frequently find that companies pay lip service to the importance of developing leadership skills (hence they offer ad-hoc learning opportunities/flavour of the day training) but have no evidence to quantify the value of their investment. Organizations need to identify the tangible (measurable) and intangible benefits in a credible way.

Quantifying the value of your leadership development investment and leadership performance over time will increase program engagement with all of your leaders.

Methods of measuring the impact of learning: (from the happiness factor to real ROI)

Level 1:

Participant Reactions:

Were participants satisfied with the learning intervention?

Level 2:

Participant Learning:

Did participants learn the skills determined in the learning objectives?

Level 3:

Participant Application:

Did participants apply the learning on the job?

Level 4:

Business Impact:

Did the intervention positively impact business performance?

Level 5:

ROI:

Were the overall benefits of the intervention greater than the cost of the investment?

Based on our experience, we have found that most organizations use only Level 1 evaluations – the total extent of measurement begins and ends with participant feedback. Yet, if you set targets before the program and monitor achievement against those targets (just as you would with any business-performance program), once the training and post-training assessments are complete, you will learn what has delivered the desired outcomes and what has not, and make the necessary adjustments.

The barrier to success:

The organization pays lip service to the importance of leadership development. By failing to quantify the value of the investment and failing to track and measure changes in leadership performance over time (with the accompanying improvements in results), it is much more likely that the application of the learning will not be taken seriously.

4. Your Culture of Leadership Excellence Health Check.

On each statement below, rate your organization on the 1-5 scale

Culture of Leadership Excellence Health Check

To what extent do you agree or disagree with each of the statements below:	1. Strongly Disagree	2. Disagree	3. Neither Agree nor Disagree	4. Agree	5. Strongly Agree
1. Our organization starts the selection of leadership bench strength at the recruitment phase – actually sourcing and hiring people with leadership capabilities (even at the entry level)	☐	☐	☐	☐	☐
2. Our organization aligns leadership development initiatives and competencies with the business results we are looking to achieve.	☐	☐	☐	☐	☐
3. Our organization has a practical, hands-on sustainment program that ensures leaders learn leadership on the job by applying their learning in real business challenges within the business.	☐	☐	☐	☐	☐
4. Our organization recognizes and rewards leaders for developing and coaching the leadership competence of all employees (not just those people in leadership roles).	☐	☐	☐	☐	☐
5. People in our organization look up to the senior leadership team as great models of leadership.	☐	☐	☐	☐	☐

If you rated your organization less than 4 (average), there may be a gap between the leadership culture you desire and the leadership culture you currently have.

In order to attract and hire the best people, increase engagement amongst your current people, and achieve greater overall performance and profitability, please contact us to find out how building a Culture of Leadership Excellence will make a difference.

5. Why Choose Dynamic Achievement:

Immediate Impact. Accelerated Performance. Lasting Change.

All executives and business owners want three outcomes from any investment they make in the business: **accelerated performance**, a **positive return on their investment**, and **lasting change**. However, many organizational development programs, be they leadership development, team development, corporate culture change initiatives, process improvements, or employee engagement interventions tend to produce only short-term gains that fade away as people and teams go back to their old habits. This is the analogy of the elastic band – as soon as you take your eye off the change initiative, the elastic band snaps back to the old way and people return to operating as they did before the intervention. Based on the five core differences outlined below, we ensure **Immediate Impact, Accelerated Performance, and Lasting Change**.

Our 5 Core Differences:

1. Business Strategy and Corporate Culture Expertise

We are not transactional consultants who start at the bottom of organizations in the hope that you will achieve some gains. We start where it really matters, at the top. We get to understand your business, your strategy, your differentiation, your customers, your competitors, your culture, your employees and your systems and processes. Our leadership development initiatives are all aligned with helping the business achieve its strategic objectives.

All three sides of this triangle (see below) must be in alignment for any business to stay in business. The organization must have a clear and **competitive strategic direction** and the **organizational capability** and **human capital** to successfully deliver the strategy. We see leadership development as a strategic initiative that must be aligned with the Corporate Strategy.

THE STRATEGIC ALIGNMENT MODEL

2. Unique Program Design

Dynamic Achievement has designed a unique approach to leadership development that delivers real business results. We base our program design on the belief that leaders are an organization's most critical asset and it takes time to develop true leadership; that what gets measured gets managed; and that leaders must be accountable for producing great results through their people.

Our learning journey consists of three distinct and interrelated phases:

In Phase 1 we ensure CEO and executive leadership team engagement. We work with senior leadership to determine the business results the organization wants to achieve in the future and how they will be measured; we define the leadership skills and competencies that are needed to deliver the desired results - and how these will be measured; we determine business goals for each individual leader that will, collectively, add up to the company's goals – and how these will be measured; and we determine skill growth goals for each individual leader - and how these will be measured. Without creating that tension between what exists today, versus what needs to be in place tomorrow, leaders have no real motivation to change. And without measuring performance, we know that people will quickly slip back to their old ways.

In Phase 2 we employ a **blended approach to learning** that includes Applied Work Assignments, In-class Learning, Competency Assessments, Knowledge Assessments, eLearning, Videos, Reading, Journaling, a Comprehensive Sustainment Plan, Team Accountability Groups (TAGs), Feedback and Coaching; and senior leadership support and accountability each step of the way. We work as much on the leader's mindset as we do on their skills and we focus heavily on sustainment so that leaders cannot go back to the old way of doing things. In short, we know that leadership will not be learned in a classroom but through blended learning, on the job application, and learning from successes and failures alike.

In Phase 3 we ensure that we measure performance. We measure corporate performance, and we measure individual participant performance. What gets measured gets managed!

3. Mindset, Meaning, and Purpose

Real and sustainable business transformation can only happen when leaders and employees **feel engaged at the core**, and are aligned with a higher sense of purpose and meaning.

Specifically, leaders and employees must see and experience the following alignment and connections:
- the organization's strategy and goals are aligned with their own personal purpose and goals;
- the culture of the business is aligned with the strategy (actions speak louder than words);
- the way leadership conducts business is in alignment with their personal values and the expressed values of the organization;
- that people at all levels (and particularly those in management) are going to be held accountable for performing at the highest level of excellence.

Many employees, at all levels of organizations, don't see or feel this connection or the accountability, which is why, in North America today, only 29% of employees feel actively engaged in their company and in their jobs.

Our leadership programs start at the CORE, with the leader's Mindset and only when this has been correctly developed do we move onto skill development. On the other hand, most management, organization development and human resources training companies focus on teaching and developing new skills in the classroom. Unfortunately, all the new skills in the world will not help organizations to achieve their full potential. What is required is a mindset and culture that empowers people to take responsibility for changing themselves first before they start to try to acquire new skills and processes. No amount of skill training will work if leaders do not have the right mindset.

4. Real, Measurable Results

When it comes to organizational development, measurable and sustainable results are the true measure of success. This is the mandate within which every customized Dynamic Achievement program is developed, and it is how we ultimately wish to be evaluated. We will agree on evaluation criteria with you prior to the commencement of the program and throughout the process measure each milestone accordingly. The metrics we agree on will form the foundation of our measurement criteria.

5. Performance Excellence Guarantee

If, after implementing the complete, fully integrated program as designed and recommended by Dynamic Achievement, and after applying the new strategies, tools and processes as suggested, you are not 100% satisfied with the return on your investment we will continue to work with you at no extra charge until the agreed objectives have been achieved.

Quantifying the value of your leadership development investment and leadership performance over time will increase program engagement with all of your leaders.

6. Conclusion

The ultimate goal we all want to achieve:

"Every employee reports to an inspiring leader, and, as a result, every employee produces results that go way beyond expectations"

To achieve the above goal (which is critical for the competitive advantage of the business) and get a positive return on investment, organizations must avoid the most common mistakes in the design, development, and sustainment of their leadership development initiatives.

- First, senior management (and most specifically the CEO) needs to be actively engaged in the leadership development process. Why? Because great CEOs recognize that leadership is their ultimate competitive differentiator. Without senior management's complete commitment and involvement in the design and development of a Culture of Leadership Excellence, the organization will get a very low return on any investment in leadership bench strength development and there will be little to no long term positive impact on employee engagement, customer results, and business performance.

- Second, the organization must clearly identify the desired business results it is looking for and the leadership skills, competencies, attitudes, and values that will ensure the delivery of those results. All leaders must be aware of and live the skills they are expected to master. There are no exceptions to this rule. No compromises.

- Third, a leader's mindset and the 'soft skills' have a far greater impact on their effectiveness and the performance of the business than any technical skills. Without an optimistic, trusting, caring and collaborative mindset, technical skills alone will not deliver the desired results the business is looking for.

- Fourth, and of critical importance, leadership must be learned on the job and not only in the classroom. Leaders must be given the opportunity to work in the business doing what leaders are expected to do, and experiencing successes and failures from which they learn the meaning of true leadership.

- Finally, the organization must be committed to measuring the impact of learning on the business. These outcomes should be agreed on before the learning journey commences and measured consistently. If the organization fails to measure performance, leaders will not take the learning journey seriously since they know that the organization is not taking it seriously.

7. Contact Us To Get Started

For client references and client specific results from our programs please contact us:

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