

Developing New Generation Business Leaders – A Leadership Development Initiative in one of the largest company in Srilanka

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Leadership development initiatives have to be integrated into everyday business with clear ROI. This paper proposes leadership development based on a process of learning through understanding, doing and integrating. This programme was titled BLUE – Business Leadership Unleashing Excellence. The intervention builds fundamental leadership orientation by aligning Vision-Values; creating a learning culture thus allowing managers to become potential business leaders. This ‘inside-out’ approach has been tested on 139 senior managers in Southeast Asia with significant results.

KEY WORDS: Leadership development; Vision and Values; Business Leadership

“As the level of business consciousness enhances it will no longer be the survival of the fittest, but the survival of the wisest” (Sampath J.M.2000)

What is new about leadership development? Since Plato’s time leadership has been much spoken about, but the question “Do we have enough leadership?” has not had an answer at any point of time, implying that as the world changed the perspective on leadership also needed to change. Leadership is a continuous journey of evolution, and not a destination. Therefore any developmental model that is focused on building leadership has to be fundamental and evolving in nature.

Leadership Development Initiatives

History

Research supports the fact that 69% of variability in employee fulfillment can be attributed to the qualities of leadership¹. Therefore Leadership development has always played an important role. Leadership development itself has moved from the belief that people control their destiny through application of reason. While the nineteenth century believed in progress and perfection, the ‘consequence of work’ as a significant factor in leadership came about much later. Sigmund Freud brought the concept of ‘unconscious’ into picture. Weber brought in ‘bureaucracy’, and the need for charismatic leadership. By early twentieth century various theories proposed moved from Trait theory (Common characteristics of effective Leadership were identified) to Style theory (Different styles were identified and democratic style was singled out as having the most potential) to Contingency theory (Leadership being dependent on a particular situation) (Goffee & Jones, 2000). These approaches influenced the development of training modules and helped to build the necessary traits in leadership. Every new module in the organization aimed at equipping the leaders to handle the Business context better. The Business context of today is very different from what it was a decade back.

Business Context Today

The business context today has changed tremendously, and continues to change like never before. The one word that is constantly echoing in the current business scenario is: ‘change’. Paradigms and mindsets are challenged every day, with companies asking questions like how to increase profitability, how to retain the best people and how to increase customer satisfaction.

Though change has been the only constant phenomenon, the difference lies in ‘speed of change’. While Radio as a medium took 38 years to reach 50 million users, the World Wide Web has taken only four years (The Economist, 1998). There is a visible transformation from a physical asset-dominated economy to a service– and information– driven economy. This changed scenario has proved that the greatest single asset of any organization is its human capital. For example Microsoft’s market capitalization is approximately US\$270 billion, while the value of its tangible assets is only US\$15 billion; the bulk of Microsoft’s wealth is in its employees (Day, 2001).

When an extensive survey was conducted using the Interview Method with global corporate leadership, one consistent message that emerged was that the best-led companies knew and believed in the value of people. Therefore, the challenge of the hour is to create, nurture and optimize human capital. Only those organizations and

leaders who have optimally utilized human capital would enjoy competitive edge. This is substantiated by the fact that world's best-led, value-driven organizations derive an increasing proportion of their value from the collective power of their intangible assets, which consists of people, partners, brands, suppliers and intellectual property (Ashby and Miles, 2002). In the previous two decades, knowledge has dominated the world of business. Leaders need to be developed keeping the future in mind. And the future is the Age of Consciousness, where leaders will have to enable a smooth transition from "old economy" to "new economy" (Ramcharan 2001).

Features of the New Economy

Business paradigms have constantly evolved over the last century in stages. While the Nineteenth century was the Agrarian Age, the Twentieth century ushered in the Industrial Age where skilled labor formed the predominant requirement. Therefore leadership development efforts were on expertise in handling machinery and production. Subsequently it moved to today's Information Age where intellectual capital is the main aspect of leadership development. Knowledge, learning, re-engineering, systems and processes are the focus, and 'customer satisfaction' and 'change' are the buzzwords.

The future holds some clear evidences; the Information Age is giving way to the Consciousness Age, where cultural capital will be the predominant feature; creativity, vision-values and customer collaboration will become important; and emotional intelligence is an expected competence. While social responsibility will be expected, the buzzwords will be 'transformation' and 'evolution' (Barrett, 2001).

In this new economy, leaders have to focus on:

- Personal creativity, where values alignment becomes important
- Personal productivity, where mission alignment is critical
- Knowledge/Experience, where professional development is imperative, and
- Emotional Intelligence, where personal development is the path (Barrett, 2001)

If new economy leaders have to be developed, it cannot be through a method of prescriptions. In an evolving context, leadership development should be a maturing process and growth-oriented where the focus is on developing the fundamentals than skills and abilities. The development of competence should be an outcome than a focus.

This paper outlines one such leadership development intervention called 'BLUE', acronym for "Business Leadership Unleashing Excellence". This initiative was used for leadership development in one of the leading business organizations in Sri Lanka.

The theoretical framework on the Leadership Development Initiative - BLUE

The Leadership development initiative was based on the following three critical viewpoints on leadership development:

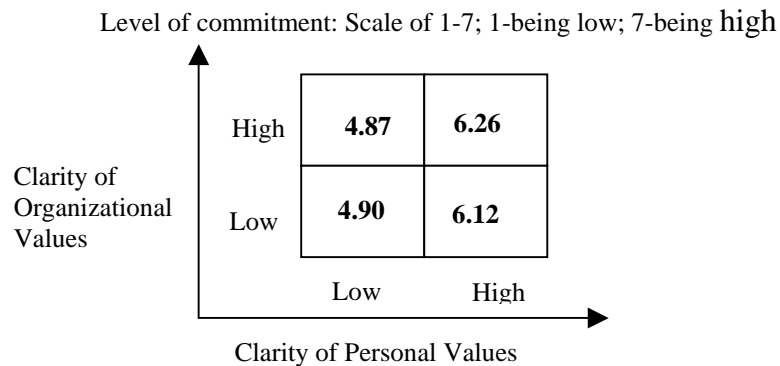
1. *Clarity on Vision (purpose) and Values (process) with an ability to learn to learn forms the foundation for individual and organizational excellence.*

The latest theory on leadership development highlights the importance of developing the competence of "context-sensitivity" in today's leaders. Context-sensitivity cannot be attained without clarity of purpose and process. While purpose is spelt through 'vision', process is spelt through 'values'. Purpose gives a sense of direction to the leaders. "The vision of an organization is a concise word picture of the organization at some future time, which sets the overall direction of the organization. It is what the organization strives to be. A vision is something to be pursued." (Abraham, 1995, 1999). Most of the leaders have knowledge about vision; they also formulate their vision; how many of them have the clarity of the vision is something that is not really known. Clarity on vision gives the leader an opportunity to make appropriate choices. The 'appropriateness' relates to the context. Therefore when the context continuously changes, clarity enables the leader to be more responsive to the context without losing the direction in which the leader and the organization need to travel.

Values are defined as "those beliefs that the leader has within his/her self which govern the behaviour in any given context" (Sampath J.M., 1999). In the words of Kevin Wheeler, Director of National Semiconductor University, "We believe that a set of guiding principles must be firmly in place if a company is to prosper." Indeed all companies have guiding principles whether or not they are explicitly stated. However, implicit principles can be counter-productive if they are in conflict with the vision." (Abraham, 1995, 1999)

Recent scandals in the corporate world have brought out the truth that leaders need to be aligned in vision and values. Alignment cannot be achieved without clarity. The following data indicates the need for not only clarity on organizational values but also the need for clarity on personal values.

Personal & Organizational value system
(Source: B.Z. Posner and W.H. Schmidt, Journal of Business Ethics)



When the level of commitment was measured the data that emerged indicated that when clarity on organizational values was high and clarity on personal values was low, the commitment actually came down to 4.87 from 4.90. But when the clarity on both was high, commitment levels went up to 6.26. Hence, in a leadership position, clarity and alignment of vision and values at an individual and at an organizational level need to be high to travel on the path of excellence.

2. *Leadership development should be a process of realization*

“To tear down a factory or to revolt against a government or to avoid repair of a motor cycle because it is a system, is to attack effects rather than causes; and as long as the attack is upon effects only, no change is possible. The true system, the real system, is our present construction of systematic thought itself, rationality itself, and if a factory is torn down but the rationality which produces it is left standing, then that rationality will simply produce another factory. If a revolution destroys a systematic government, but the systematic patterns of thought that produced that government are left intact, then those patterns will repeat themselves in the succeeding government.” (Pirsig, 1974 p.88)

For lasting change Leadership development cannot be aimed at effects. It has to address the cause, the core dimensions and prepare leaders to make better choices. The beliefs need to be reflected upon, not behaviour alone. Schon (1983) has highlighted the need to question beliefs as an important part of adult learning. Brookfield (1995) has suggested that knowledge constructions can be refined, deepened and corrected through reflection. Three stages are described in critical reflection.

- Identifying the assumptions that underlie our thoughts and actions
- Scrutinizing the accuracy and validity in terms of how they connect to, or are different from, our experience of reality
- “Reconstituting these assumptions to make them more inclusive and integrative” (Brookfield, 1995 p.177).

When leadership needs to be responsive to the ever-changing environment, their learning has to be formative and changes have to be deep. The process has to give that space to the individual Leader to be open and reflective.

3. *Leadership development is valuable only when it is well-integrated into the realities of life, which include business too*

In 1996, 1,700 business books were published in the United States. Each year over US\$60 billion is spent on management training in, and by, organizations. Each year billions of dollars are spent on management consultants (Eg: 1996 estimate was US\$43 billion) (Pfeffer & Sulton, 2000). The focus is not the amount, time and energy that go into these, but how much of these are used. “The problem was not analysis; it was implementation.” (Pfeffer and Sutton, 2000) The knowing-doing gap applies to leaders too.

To combat these, the best practices in leadership development reviewed popular practices that include:

- 360-degree feedback (also called as multi-source ratings of performance)
- Executive coaching (focused one-to-one learning)
- Job assignments (to challenge or stretch an individual’s leadership capabilities)
- Mentoring (long-term developmental relationships)
- Networking

- Reflection
- Action learning (Project-based work)
- Outdoor challenges (outbound wilderness learning programme)

Two or more of these are combined in many leadership initiatives. Though these are only methodologies, the trend is for customized programmes that are best able to capture the organization’s unique culture and competitive challenges. (Day, 2001)

People usually develop through multi sources namely, Projects-in-place, Training, Work associates, New jobs, Off the job. If integration of learning has to happen, leadership development has to be through a multi-source, multi-methodology, integrated model.

The Leadership development initiative therefore needs to be based on the understanding that any organization to excel needs to have three critical pillars – Vision (purpose); Values (process) and a Learning culture. The basic competencies to be developed to connect these pillars are Innovation; Farsightedness; Focus; Clarity; Conviction and Alignment of vision and values. The outcomes expected would then be Value-addition, Quality and Leadership with evolution as the outcome (Sampath.J.M.2003)

The Objectives of BLUE

BLUE, Business Leadership Unleashing Excellence, aims at developing “High-Vision High-Values” leadership, which will constantly be on the path of learning and nurturing excellence. The objective of the intervention is to accelerate change with Value Added Project Ideas (VAP) using leadership behaviour.

The BLUE intervention focuses on:

- Building fundamental leadership orientation that will align vision and values
- Creating a learning environment to facilitate innovation
- Allowing potential to grow in order to get the best out of people

The BLUE Module

BLUE has been developed taking into consideration the context and the theoretical framework

- It focuses on aligning vision and values by enabling clarity to emerge.
- It focuses on bridging the three critical gaps, namely:
 - a. The gap between “Who I want to be” and “Who I am”
 - b. The gap between “Who I am” and “How people around experience me”
 - c. The gap between “How I am experienced by people around me” and “What is expected out of me”

BLUE works at an individual level with each of the leaders to acknowledge, identify, accept and bridge these gaps. It adopts a process of Learning through Understanding, Doing and Integrating. This is achieved through leveraging over 81% from learning through work associates, projects-in-place, training and new jobs.

The BLUE Module

Pre-Intervention I	Understanding the organization and forming the core team
Pre-Intervention II (Include Pre-Phase I activities)	Inducting the senior management team into BLUE
PHASE I (workshop)	Understanding the power of vision values leadership Developing the basis for VAP
Intervening period I	30 days – using leadership learnings on the job
PHASE II (workshop)	Learning for nurturing excellence Getting deeper clarity on VAP and beginning the business proposal
Intervening period II	60 days – Developing the Business proposal
PHASE III	Presentation and evaluation of VAP Participants sharing their learnings
PHASE IV	Continuation of project towards meaningful accomplishment

The BLUE module was arrived at through continuous evaluation and feedback from the leaders. Continuous monitoring has matured the module as shown in the change in the feedback scores obtained by the participants over nine batches, with an average of 15 participants in each batch.

Table-1: Maturity process of the module

Groups	Scores based on 10 points	
	Phase – I	Phase – II
Batch – I	8.2	8.6
Batch – II	8.3	8.7
Batch – III	9.0	9.0
Batch – IV	9.5	9.0
Batch – V	9.0	9.0
Batch – VI	9.2	9.0
Batch – VII	9.5	9.4
Batch – VIII	9.3	9.2
Batch – IX	9.6	9.5

Feedback obtained under different criteria were measured with the following weightage

	Weightage
Content	: 50
Usefulness	: 30
Presentation	: 10
Conceptual Clarity	: 10

The initial scoring itself was fairly high. Yet, with intense evaluation and appropriate customization, the module was scored 1.4 (Phase-I) and 0.9 (Phase-II) more in the ninth batch.

The BLUE Process and Methodology

The processes used in the module was

- Business-driven
- Action Oriented – Value Added Projects
- Developing fundamentals of Learning & Leadership
- Learning to work with others in developing and executing business ideas
- Conceptual clarity with action integration process that drives learning deep to bring meaningful change
- Involvement across the organizational hierarchy to build a culture of excellence
- Phased intervention to mix learning-action-learning (learn to learn)
- Multi level, multidimensional feedback process using powerful tool Value Profile Instrument.

The methodology is three pronged –

- Workshops
- One –to-one coaching using Value Profile Instrument and Vision-Value Instrument combined with appropriate systems and processes to facilitate coaching
- VAP- on the job Value Added Projects

Workshops: The workshop methodology is more process-centered and semi-structured. Multiple methods like simulation, audio, video, and lecture, small and large group activities are used.

Coaching: Two different tools are used to collect data for coaching. This gives them clarity on their, Achievement Orientation; Relationship Orientation; Leadership Orientation; Learning Orientation; Integrity Orientation. Data is collected to provide clarity on their four styles as members of the organization/ society.

- Leadership style : as rated by subordinates.
- Collaborative style : as rated by colleagues.
- Followership Style : as rated by Boss(es).
- In addition, close family and friends rate them on Social style.

- For the multi-rater feedback system, a **Value Profile Instrument²**, a 30-item instrument is used. The Reliability scores of the instrument are:

	Reliability Index	
	Self	Others
Correlation between forms	0.8256	0.9163
Equal – length Spearman– Brown	0.9045	0.9563
Unequal - length Spearman– Brown	0.9045	0.9563
Guttman Split-half	0.9026	0.9554

- The **Vision-Value Instrument³** is a 40-item tool. The Reliability of the instrument is as follows:

	Reliability
Alpha	0.7978
Guttman split half	0.8038
Correlation between forms	0.6732
Equal length Spearman-Brown	0.8047
Unequal length Spearman-Brown	0.8047

VAP- Value Added Projects: This is a process in which every BLUE participant is expected to come up with a business idea, which will add value to the stakeholders of the organization. The business idea could be an innovation or modification improvement in the areas that impact business like cost, quality, new product/service development, demand management, higher output, responsiveness and customer service.

VAP stretches leaders to

- Learn to influence within and outside the organization
- Develop managers to become business leaders
- Take higher level of accountability
- Add value to self and business
- Appreciate business and stakeholder value addition (SVA)
- Innovate and create
- Build a finer sense of business acumen
- Contribute and build a healthy culture

BLUE support structure

To achieve the objectives of BLUE Leadership development, a strong team-based support structure was created. It included

1. Mentor : Chosen from top or senior management
2. Sponsor : The boss of the participant
3. Participant : The second and third line managers
4. Team : Comprising colleagues and subordinates of the participants
5. Top Management commitment as the foundation for evaluation of all VAPs
6. BLUE programme coordinator from HR department (BPC-I)
7. External consultants for facilitation of the entire intervention

This kind of support structure is built to combat organizational politics. Multiple layers at the top aids to eliminate the bias. The involvement of subordinates and colleagues enables knowledge sharing and dissemination.

Results of using BLUE in an ASIAN Context

Profile of the organization:

The organization in which the intervention was undertaken, a public limited company with major and minor businesses in eight sectors, has been in existence for the past five decades. The company is into finance and consumer sectors. With over 6,000 employees the group has a fairly flat reporting structure, with hierarchy playing a subtle role. Though most of the employees have grown with the organization addition of new businesses in the past two decades has brought in younger executives and managers at the middle level. Their culture needed a shift; they had to become business leaders from being just managers. The management identified the need to develop second line managers who will be capable of graduating into higher positions. This also necessitated a change in their leadership orientation from “managing situation and people” to “managing business”. The organization wanted a thrust on purpose (goals) and process to achieve the goals that could be given to these managers. The basis for the leadership development initiative from the management perspective was to provide an opportunity to those in second line leadership to bring out their best. And, to create a leadership development process that will bring about deep change, develop entrepreneurial spirit and send a clear message that the organization’s second line leadership has to play an important role in taking the organization to new heights.

Results of the Intervention

About 139 managers have gone through the Intervention. Feedback was collected using a questionnaire method after 12-24 months from the date of first intervention. The organization using the leadership development intervention has had both tangible and intangible benefits through BLUE initiative.

Tangible Benefits: VAPs were of different kinds, and a success rate of 41% in a multi-sector organization was encouraging.

Table-2: Percentage of successful VAPs born out of BLUE intervention

Sl.No.	Kind of VAP	VAP proposed	VAP implemented	%
1	Totally new business project	09	0	0
2	New business projects born out of better asset utilization	24	09	37.5
3	Employee benefit & welfare oriented	06	03	50.0
4	Better asset utilization	13	07	54.0
5	Product / Service improvement through better systems & quality	35	23	66.0
6	Better utilization of technology for product / service improvement	15	03	20.0
7	Business expansion & development in related areas of existing business	33	10	30.0
	Total	135	55	41.0

With regard to investment, the top management of the organization was highly cooperative. The organization has profited over 240 million (in Sri Lankan rupee). Most of the VAPs have a pay back period of less than 24 months.

Intangible Benefits: The intangible benefits were as follows.

1. Leadership development

The shifts in Leadership Orientation experienced by the BLUE participants are given below. The original statements of the participants have been retained to a large extent and have been classified for easier understanding.

A. *Changes in Leader Orientation*

- To be a role model of what one expects others to be; To lead by example.
- To accept and focus on things that one has to deal with oneself.
- Moved away from manipulating people and events to leading by understanding.
- To constantly realign the ways of doing things without giving up one's values; Belief that ethical practices will stand by the leader in the long run.
- Being more action-oriented and make things happen than let things happen.
- Living life by being more essence-centric than form-centric.
- Be constantly aware, in the present and continuously strive for being balanced.
- Higher level of sensitivity and openness to feedback.

B. *Changes in People Orientation*

- Share knowledge, give freedom and encourage subordinates.
- Increase in transparency and openness with colleagues and subordinates at work.
- Be conscious of 'conclusions' and 'framing of people' in all interactions.
- Appreciate and respect others' capabilities and values.
- Moving from being authoritarian and directive to being developmental and empowering.
- Higher delegation of work with higher accountability to oneself.
- Gained an understanding that a standardized leadership style cannot be applied to all.
- Broadening of boundary in relating with others and developing relationships.
- Better listening capability in relating to others.
- Understand people's feelings and provide constructive criticism.
- More caring and genuine in relationships.

C. *Changes in Work Orientation*

- Moving forward with confidence that increases in leaps and bounds.
- Being more open and willing to change.
- Being more assertive and influence events and people to move towards corporate vision.
- More clarity on personal and organizational vision and values.
- Developed better evaluation and observation skills.
- Moved away from working with limited options and 'I know' trap.
- More context-sensitive, proactive and responsive in decision-making.
- Providing higher clarity on vision and values to subordinates at work.
- Focus on larger picture equally while detailing.
- Actions do not get limited to 'options' and being able to think 'out of box'.

- A belief that credibility is important to lead.
- 2. Networking horizontally at middle and senior level within the organization.
- 3. Bondage amongst the group members of every batch at an emotional level.
- 4. Culture of learning and high morale amongst the leadership.
- 5. More clarity on organizational vision and willingness to participate for organization's growth.
- 6. Better set of business managers, who have moved higher in the leadership ladder.
- 7. Training has been an investment with ROI.

Concluding remarks

The experience of BLUE leadership development intervention has provided some key learning points.

1. Leaders of today need to be developed as business leaders. Therefore leadership development should be business-sensitive and result in measurable business growth.
2. With constantly changing business variables, leadership development should focus of developing vision (purpose) and values (process).
3. Leadership development should be an integrated module connecting the learning-action-learning loop with focus on integration of learning.
4. Leadership development with quickly changing environment cannot be built on prescriptions, but should address core issues like aligning vision and values along with building a learning culture.
5. Leadership development modules need to be customized and designed to suit organizational needs for lasting effectiveness.
6. Leadership development process should be seen with a clearly defined and articulated ROI.

This kind of leadership development process needs a strong commitment from top management, participants and consultants. It is an integrated module and the accrued benefits are based on the extent to which the organization extracts and utilizes the potential that is unleashed from each of the leaders, as participants of BLUE.

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Note:

1. *Wilson Learning Corporation, Study of Business Performance involving 14 organizations and 25,000 employees.*
2. *Value Profile Instrument developed in 1998 and has gone through modifications. It has been used on over 20,000 people around the world. It is available with Arpitha Associates Pvt Ltd., 302, IInd Floor, Santoj Cottage, # 107, Surveyor Street, Basavanagudi, Bangalore-560 019. E-mail: sampathjm@vsnl.com*
3. *Vision Value Instrument developed in 2003 is available with Arpitha Associates Pvt Ltd – Ibid 2*