



HayGroup®

Insight to impact
Leadership that gets results
Hay Group's approach to leadership development

Dramatic changes in the global economy remind us once again that leadership matters. There are organisations on the brink, with staff demoralised and suspicious. There are organisations which have strengthened their staff loyalty, questioned their assumptions and renewed their ambition. The difference is leadership.

We all know, instinctively, the power of effective leadership. We know it when we see it. It is much harder to describe it, measure it and create it: leadership can seem like a black box. Yet this needn't be so. Great leadership can be defined explicitly; can be measured and can be acquired.

Hay Group has worked with over 500,000 leaders to increase their business impact.

From the White House under Obama to the dockyards of Gdansk under Soviet rule; in boardrooms and school staffrooms, operating theatres and headquarters; in finance and retail, manufacturing and public service, we apply rigorous research to help leaders at all levels perform.

Participants enjoy the programmes, of course. They are challenged and refreshed. But our real focus is improving organisational performance.

We have a compelling body of evidence showing significant change in bottom line results following our work. On average, it stacks up to around a 30 per cent increase in productivity.

No two leadership programmes are identical. We adapt them to the culture, needs and strategies of the organisations we work with. But we do apply some common principles and practices. The aim of this document is to explain them, hopefully so you might want to find out more.

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How leadership that gets results works

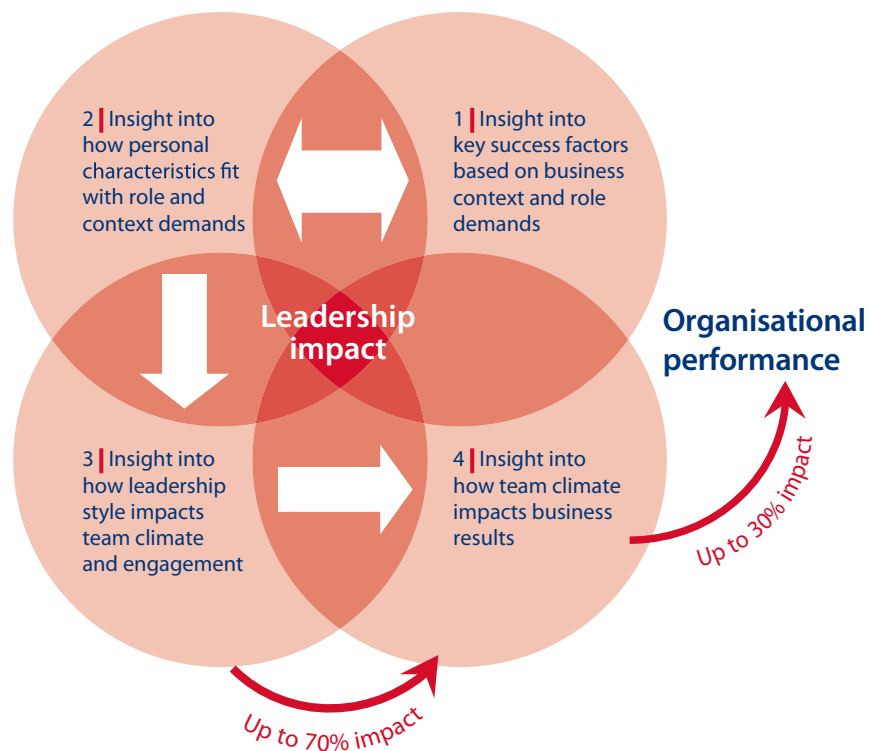
Leadership is not a black box. It is not an intangible asset or soft skill. It has a quantifiable impact on performance.

There is proven causal flow through which leadership influences performance.

We know that up to 30 per cent of the difference in performance between teams is down to their climate – what it feels like to work there in terms of expectations, direction, feedback and collaboration. We know that up to 70 per cent of a team’s climate is determined by the leader. And we know how motivation, behaviour and leadership style combine to create those climates.

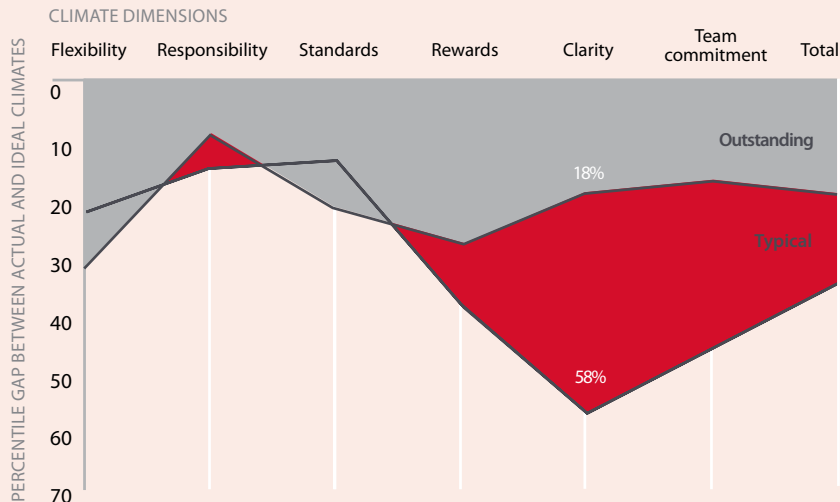
To Hay Group, leadership is not a black box. It is not an intangible asset or soft skill. It has a quantifiable impact on performance. If a leader invites more participation in decision-making, for example, they increase perceptions of clarity, which increases discretionary effort.

Although this model of impact is enduring, we also pay attention to the demands of the job; mapping the link between people’s behaviours and the targets they are held accountable for. A programme manager’s work has a different impact to an operations manager, with different routes to success. Each gets a different approach. It’s why we set our programmes within the context of people’s own leadership journey.



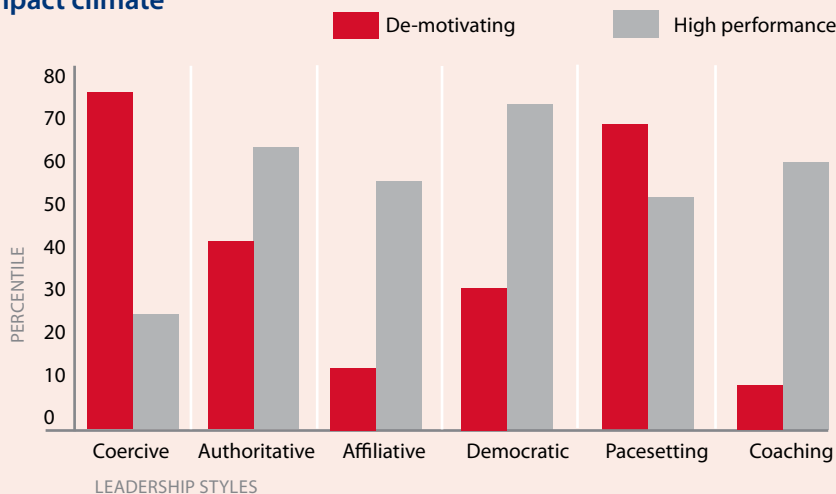
How organisational climate affects team performance

There are six elements that make up the climate within a team. Hay Group's research shows how each of these impact on team performance. We asked members of outstanding and typical teams to rate how the team was performing in reality against how it should be performing. The graph on the right shows the gaps between these two answers. Clarity is by far the most important factor. For typical teams the gap is 58 per cent and for outstanding teams it is only 18 per cent.



How leadership styles impact climate

Up to 70 per cent of a team's climate is determined by the leader. The graph on the right shows the styles of leaders creating high performance and demotivating climates. Those leaders creating high performing climates have a broader range of styles in which authoritative, affiliative, democratic and coaching are dominant. Less successful leaders have fewer styles and rely mainly on coercive and pacesetting.



How styles and climate impact performance

- In a global engineering firm year-on-year improvements in leadership (measured through climate) preceded and drove annual growth from a £22 million loss to £110 million profit in four years.
- In a fast moving retail company, store managers who improved their climate had 11 per cent higher sales, 10 per cent higher efficiency savings and 40 per cent lower absence rates.
- In a well known technology firm, general managers who developed a high performing climate delivered 2.75 times the profit margin of those who didn't.

The black box unpacked

With a quantifiable model of leadership, it is no surprise that measurement matters to us. We have a versatile range of diagnostic tools to provide both self assessment and 360 degree feedback.

We employ seasoned facilitators, with managerial and industry experience of their own.

Because of the decades of research and testing, these tools are simple and intuitive. They focus on what matters. We can pinpoint exactly why a team is broken. We can show a manager why they struggle to delegate. We can spot long term potential in a new recruit. And we can challenge the difference between what people think they do and what they actually do.

The difference with our tools is that they differentiate performance – they are not just about preferences or deep seated personality variables which are difficult to change. While we explore these, our development programmes aim to be grounded in tangible things that leaders can do something about. That's why we concentrate on helping leaders get their style and approach aligned with what predicts performance.

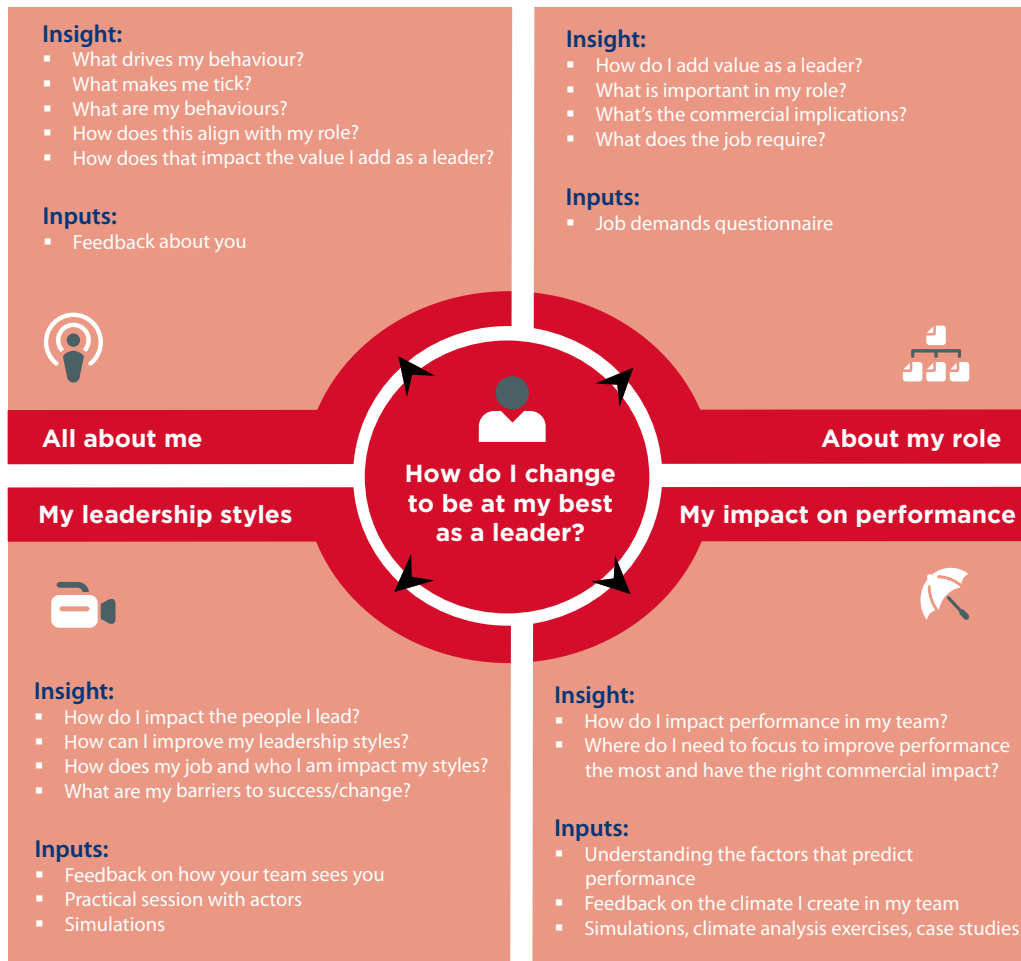
The scale of our activities also means we have a large database of previous results. Do you want to compare your leaders to the best in the industry, or in the world? Easily done with half a million recorded assessments.

Hands, heads and hearts

Even such a robust approach to leadership means little unless we get it into the hands, heads and hearts of leaders.

Leadership is personal, emotive and complex. We employ seasoned facilitators, with managerial and industry experience of their own, and we have tough accreditation requirements. With 1600 consultants in 43 countries, we can deliver this quality almost anywhere in the world, even the mines of Angola. We have also delivered through 'train the trainer' methods and quality assured associates in what is thought to be the largest leadership development programme in the world outside of the military. This was the UK's Leadership Programme for Serving Headteachers which has now helped more than 14,000 participants.

Example leadership programme



Back at the office:

'real' development assignment / one to one coaching and action learning sets
9-12 months on – re-measure to find out how you have improved / one day review and refresh workshop

Yes, we open up the black box of leadership to give people a way of thinking about it. Yes, we sensitively manage feedback from challenging diagnostic data. But, mostly, we help people take control of their own learning, stimulate debate and help leaders to make real changes in their work. Changes based on the premise that leadership is not either a have or a have not. That the factors of leadership are in fact tangible, can be measured and people can re-align what they do with what's proven to predict results.

Our skills engage participants and stimulate real personal change. We work alongside your own learning and development teams, in joint delivery, to transfer skills – enhancing your own capacity to deliver great training. This can make large scale interventions very cost effective.

Do something different

The whole purpose of leadership development is to get people to do something different when they get back to work – to find a new style of leadership, to approach problems in a different way, to raise their game. This is where most programmes fall down.

Ours don't. We connect development objectives to individual targets and the performance management process. We bridge the action gap with data that focuses attention on the things that make the difference for each participant; with structured action planning; with peer to peer support processes; and with follow up re-measures of key variables to gauge impact.

Above all, we focus on things within the manager's control. Whatever the strategy, culture or market conditions, they can then leave the programme and immediately make a difference.

Through research, leadership development becomes a tool for making strategy real – discovering and describing the distinctive behaviours and values that produce a competitive advantage for the organisation.

The science of change

Hay Group has a remarkable research tradition. From Mr Ed Hay himself and Professor David McClelland, with Richard Hackman at Harvard and our work with Daniel Goleman on Emotional Intelligence, we have changed the way people at work think about people at work. We bring this thinking to each project.

Many organisations have unique needs for leadership. Different roles, in different contexts, face particular challenges. Culture and terminology matter. Change brings new demands: collaboration, cultural sensitivity and mental agility.

When we meet something new, before we design a programme or get in front of participants, we engage in practical research with our clients. This can mean defining the specific accountabilities and impact of the jobs in question. It may mean discovering what outstanding performers actually do, and translating that into a customised competency model for leadership.

Through research, leadership development becomes a tool for making strategy real – discovering and describing the distinctive behaviours and values that produce a competitive advantage for the organisation. It makes the vision concrete.

The success stories

Turnaround through leadership

One global manufacturing client Hay Group worked with attributes the doubling of their share price, in great part, to their focus on leadership development.

We helped them to figure out what really mattered for leadership in their business context, scoped and communicated a global leadership framework. We also designed and delivered development programmes focused on the leadership styles and behaviours they needed to develop to improve performance in their region. The programme covered 1,200 senior leaders across five continents.

95 per cent of the leaders rated the programme the most impactful they had experienced and it is now being rolled out to a further 5,000 leaders.

Setting store by your leaders

By working with Hay Group to conduct assessments on 52 of their area and store managers, retail group, Arcadia found that the best leaders ran the highest performing stores. They delivered:

- 40 per cent lower absence rates
- 10 per cent higher operating savings
- 35 per cent lower stock loss
- 48 per cent lower price markdowns.

We helped the client bring the rest of their leaders up to the results they saw in their best stores by supporting them in using the assessments in 1:1 feedback, coaching and team development. The programme is now being rolled out across the UK.

The impact of nurse leadership on ward performance

Hay Group studied the leadership styles of 22 ward managers and the climate they created within their teams. We found that those wards under the guidance of high performing ward leaders experienced:

- 40 per cent less drug errors
- 36 per cent lower staff turnover
- 57 per cent reduction in absenteeism.

We also found that potentially life threatening drug errors were more than 50 per cent higher under low performing ward managers.

The bigger picture

Leadership effectiveness does not happen in isolation. It makes its biggest impact when leaders are also in the right role, in the right structure, rewarded for the right things and working in a culture that supports and engages them. That's why we've put it in the centre of our approach to executing strategy.



Over 75 years Hay Group has consciously developed unrivalled data, knowledge and experience in all of these areas - in designing organisations and jobs, in knowing what the best people do and in understanding what motivates them to perform well - so that we can offer you a co-ordinated approach to delivering your strategy through your people.

“ We have changed the
way people at work think
about people at work ”

Hay Group is a global management consulting firm that works with leaders to transform strategy into reality. We develop talent, organise people to be more effective and motivate them to perform at their best. Our focus is on making change happen and helping people and organisations realise their potential.

We have over 2600 employees working in 86 offices in 48 countries. Our clients are from the private, public and not-for-profit sectors, across every major industry. For more information please contact your local office through www.haygroup.co.uk

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