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Case Study:

Identifying Tomorrow's Leaders

HayGroup





For a number of years we have been collaborating with ABN AMRO Bank on identifying and developing their top 200 leaders. This work has demonstrated to them that leadership does influence business results and ABN AMRO now champion the notion that leadership matters. This confidence has, led them to focus their attention on identifying the leaders of tomorrow. Towards this end they set us a challenge - to identify potential talent in their middle management population of 2,000 people but to do so at 15 -20% of the costs involved in identifying their top executive talent.

An Innovative way of Assessing Talent

We had to respond with a genuinely innovative way of assessing talent. Key to our initial assessment of their top 200 leaders was the measurement of three separate aspects of their leadership ability:

- Leadership Styles
- The Climate they created within their team
- The ABN AMRO Leadership Competency Profile

The first two were measured using surveys and so could be easily replicated for the next management level down. But to accurately measure the third, each of the top 200 leaders had undergone a three hour Behavioural Event Interview with a Hay Group consultant - impossible to repeat for the next 2,000 leaders on the budget agreed.

The obvious solution was to replace the interview with a 360 degree survey. However, we had already used this method in the past with the Bank and, like nearly all competency surveys by most organisations, it was affected by the tendency of raters to respond with a rose tinted view. Fine when the focus is on development but unhelpful when trying to differentiate between leaders and identify those with the highest potential.

Innovations in Measuring Competencies

We, therefore, set about designing a new, more cost effective but accurate way to measure competencies that would differentiate between top and average leaders.

We took the radical step to move away from convoluted lengthy questionnaires that try to hide the underlying construct they are aiming to measure. We decided to treat the raters as grown ups, capable of making honest and open judgments of capability. So, while normal competency questionnaires contain over 80 questions, we developed a new 360 degree online questionnaire that had only 11 questions – one for each competency.. We effectively asked, “Here is a leadership competency, how does your boss stack up against it?”

“Leadership skills are being considered in promotion prospects in the bank whereas previously the only criteria were whether a candidate was the best sales person or the best trader.”
 Laurence Moss
 Global Head, People & Organisational Effectiveness
 ABN AMRO

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SVP LEADERSHIP PROFILE > Step 1 - Competency Feedback > LEADING OTHERS (Competency 1 of 1) Help

Your task is to decide if this competency is a strength or a focus for development. Please choose one of the four options.

Definition for Leading Others
 Leads the organisation, providing clarity and long-term direction

Engaging leaders recognise that they maximise value and achieve results through their people: they provide motivation, direction and vision for others in order to engage and inspire them. They build cohesive teams and take a long-term view of organisational capability?

More Information

<p>NEEDS SIGNIFICANT DEVELOPMENT SUPPORT</p> <p>Competency may be a blind spot or underutilised, is below the majority of peers, would benefit from ongoing development over the longer term</p>	<p>SHORT TERM DEVELOPMENT FOCUS</p> <p>Competency has a foundation to build upon, is equal to the majority of peers, would benefit from focused development over the short term</p>	<p>STRENGTH RELATIVE TO PEERS</p> <p>Competency is a strength, is clearly above the majority of peers, development needs to focus on becoming world class</p>	<p>STRENGTH WORLD CLASS</p> <p>Competency is a strength relative to the top 5% of peers, implies world class</p>
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Results and Impact on Talent Management

The questionnaires were completed by the direct reports of the 2,000 Middle Managers or by others who they worked closely with. The results were met with real excitement from both the client and Hay Group consultants. Using our previous competency questionnaire, 55% of managers had been scored world-class. With the new measurement approach this fell to just 8% - a much more realistic figure. Equally at the lower end of the scale only 2% of leaders had been scored as 'needing development' using the previous questionnaire. With the new tool this rose to 33%. Again, a much more realistic figure.

The results overall meant that ABN AMRO now had three robust and reliable surveys [Styles, Climate and Competencies) that could be used to help differentiate clearly between the performance and potential of their middle managers.

In order to get a fuller picture, we also worked with ABN AMRO to set up talent discussions which would give an opportunity for the data from all three assessments to be discussed with the people who knew the individual best – their line manager and their HR business partner. Included within these discussions were other data 'known' by the client e.g. career track and performance records, aspirations and values.

Each of the 2,000 managers who took part in the talent management process were also given individual feedback about their results by their managers and HR. This fed into individual development plans and has become part of managers' performance contracts. This will be followed up in early 2007 with a two and a half day development programme - Leading Through Others – the title of the programme and its focus.

If you go on numbers alone the project more than met its objectives. As requested, it came in at 20% of the cost of the top level review, and provided ABN AMRO with a robust way to assess and differentiate their managers.

What also became clear going through the process was that the objective challenge provided by the benchmarked data gave line managers greater confidence to take decisions about their talent. As a result, static succession plans are now gone and actions are being taken to improve the stock of talent. Capable people are being moved to more stretching or developmental roles. and underperformers moved sideways or out if necessary.

The process has been such a success that it is now been cascaded down to the next management tier of 8,000 people globally. This means that the definition of a high potential is now the same in the UK as it is in Brazil or Asia which has enabled brokering talent across the organisation to be much more effective. In fact talent at ABN AMRO is now seen as a global rather than a business unit resource.

On a different level, the work has also helped raise the capability of HR Business Partners. After working with Hay Group, not only could they provide valuable insights on job/person fit, they had the confidence to challenge the accepted view of a person on the basis of what the data actually suggested. This was viewed positively by line managers.

The science of leadership

Our work with ABN AMRO confirms our ongoing research over the last 30 years – that nearly one third of the variation in the performance of leaders can be attributed to something tangible, something leaders can take personal action to do something about. That 'something' is the climate of engagement leaders create for their teams. For example the clarity they give them around mission and expectations, the standards set, how much autonomy they delegate, their approach to reward, how they foster new ideas, and finally, how all those come together to create team commitment. These tangibles are in turn heavily influenced [up to 70%] by the style or styles a leader adopts with their team in trying to lead them towards their goals. The extent of the causality means leaders can apply some science to the art of leadership and work on the personal changes that will help them most.