

## THE VIEW FROM THE TOP

### *A Refinery Leadership Partners Report on Executive Leadership in Collaboration with Ipsos Reid*

April 2008

#### **EXECUTIVE SUMMARY**

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Most people in organizations assume senior leadership performance matters, but few know how their own executive team truly measures up. With recent studies confirming that senior leadership behaviour has a profound impact on employee engagement, productivity and retention—factors known to affect overall organizational performance—we thought it was about time somebody paid attention to what’s happening at the top. In January and February 2008, The Refinery commissioned Ipsos Reid to survey 151 C-suite executives across Canada and the US on leadership performance and development practices. The results are unsettling, to say the least.

The cornerstone of effective leadership is self-awareness, yet our data suggest that boardrooms across North America are full of senior leaders who are so confident in their abilities that they may have a distorted view of their leadership effectiveness. Asked to rate their personal performance as leaders, 74% of executives we surveyed told us they are doing somewhat or much better than other executives in their industry. An astounding 86% of respondents believe they collaborate somewhat better or much better than other executives do. The majority of respondents (79%) believe they are somewhat or much more aware than their competitors of the issues and challenges facing employees, and 72% say that their fellow executive team members are somewhat or much more aware. While 32% of executives believe they are as committed as their competitors to personal leadership development, twice as many believe they are somewhat or much more committed.

When we asked executives what priority they assign to leadership development, 82% placed high or very high priority on developing managers, while only 61% gave the same priority to themselves. Respondents also put the development of the executive team above their own, with 71% calling it high or very high priority. In light of executives' overconfidence in their own leadership performance, it's not surprising that most respondents feel leadership development is more important for others than for themselves.

We were surprised, however, to learn that a full quarter (25%) of organizations still do not have a formal leadership development strategy in place. Of those executives whose organizations have development strategies, 96% report that it includes opportunities for managers, 93% report that it includes opportunities for the executive team, and 84% report that it includes opportunities for themselves. These numbers align with respondents' prioritizing of leadership development, with preference going to managers. Just as our executives assigned the highest priority to developing managers, they also identified this group as having the most development opportunities. Conversely, they gave the lowest priority to their own development, though only by a small margin, and identified themselves as having the least opportunities.

Apparently overconfidence in leadership abilities amongst executives has not translated into complacency. An encouraging number of respondents (89%) reported engaging in personal leadership development activities in the past 12 months. Most executives at organizations with a formal leadership development strategy say they are involved in their organization's development activities, with 34% taking part as a full participant. Few said they rarely or never participate. When all respondents were asked to identify the kind of personal development they've participated in over the last 12 months, 80% of respondents cited their organization's leadership program or activities.

An encouragingly large number of respondents (89%) reported engaging in personal leadership development activities in the past 12 months. Of the 11% who had not, many cited understandable reasons such as a shortage of time or a shift in focus to their fast-approaching retirement. However, when we asked executives what types of leadership development activities they had participated in, the results were less encouraging. When executives who had participated in leadership development activities within the past twelve months were asked to identify, without prompting, the kind of personal development they participated in, just 21% said either mentoring, coaching, undergoing a 360-degree assessment, or taking on a new role—all key activities known to create real behavioural change. Meanwhile, 97% of all executives acknowledged they had read about leadership in the past 12 months. While such education is to be commended, reading is not an activity that, in itself, will develop leadership skills. Thus, we were troubled to hear that 88% of executives who read about leadership believe this is an effective way to develop their leadership skills, with 18% calling it very effective.

Overall, our research results tell us that leadership behaviour and development practices at the executive level are a long way from where they should be. Executives continue to place priority on developing the leadership of others over their own. When they do devote time to personal development, it's not always through the types of high-value activities known to have a true and lasting effect on leadership behaviour. Combined with our respondents' overconfident assessments of their own leadership performance, these revelations don't bode well for organizations. We suspect that current low employee engagement rates are due largely to lacklustre executive leadership performance. Considering the effect of low engagement rates on productivity and profits, the importance of this link must not be overlooked.

The good news is that executives are interested in personal leadership development. They read about it, they attend seminars on it, and they count it as a priority. But interest alone is not enough. Executives must adopt a more aggressive approach to their leadership development, diligently sharpening the vital skills that keep their employees engaged and their organizations viable. Interest must be converted to commitment, commitment strengthened by education, and education put into action. Senior leadership behaviour benchmarking would also help put executives on the path to self-awareness and, thus, better leadership. These and other measures will require a significant investment of resources—and no small amount of courage from executives—but organizations that seize the opportunity to increase their executive leadership capacity will gain a competitive edge over those that don't.

### **Methodology**

These are the findings of an Ipsos Reid telephone poll conducted on behalf of The Refinery Leadership Partners Inc. For this survey, we targeted organizations with at least 1,000 employees worldwide; included all business sectors, with the exception of government, churches and schools; and sought out individuals responsible for overall management and direction of their company at their location. Once these initial criteria were met, a total of 151 senior-level business executives (67 Canadian and 84 American) were randomly selected to participate. Participants were interviewed by telephone between January 3 and February 22, 2008. Overall results are accurate within  $\pm 8.0$  percentage points, 19 times out of 20. The margin of error will be larger for any sub-groups of the survey population.