



## **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 2008, The Refinery commissioned Ipsos Reid to survey 151 C-suite executives across Canada and the US about 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 American are full of senior leaders who are extremely confident in their own leadership ability—so confident, in fact, that they may have a distorted view of their 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 more aware. While 32% of executives believe they are as committed as their competitors to personal leadership development, twice as many believe they are more committed. (Interestingly, when we asked respondents to



rate employee perception of both executive leadership performance and willingness to collaborate, a far less optimistic picture emerged. It's possible that by taking the time to reflect from an employee's perspective, executives are able to see past preconditioned overconfidence and increase their self-awareness.)

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 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 managers, 93% report that it includes the executive team, and 84% report that it includes 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 and identified themselves as having the least opportunities.

Apparently overconfidence in leadership abilities amongst executives has not translated into complete complacency. An encouraging number of respondents (89%) reported engaging in personal leadership development activities in the past 12 months. Most executives are somehow involved in their organization's leadership development activities, with 34% taking part as a full participant. Few said they rarely or never participate. When asked to identify, with prompting, 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. (In response to an earlier question, only 64% of executives in organizations with a formal development strategy said they participated on either a full or selective basis. The discrepancy may lie in the individual's definition of "participation.")

While the majority of executives are pursuing personal leadership development, many may be wasting time on the wrong activities. A combined 21% participated in mentoring, underwent a 360-degree assessment, or took on a new role—three activities known to create real behavioural change. Meanwhile, 19% of respondents cited reading—widely disregarded in the leadership field as a legitimate development practice—as one of their development activities. Despite all this reading, responses also suggest there is a dearth of understanding at the executive level about what constitutes leadership development. Indeed, 88% of executives believe reading is an effective way to develop their leadership skills and 18% call it very effective. Meanwhile executives rated attending peer networking sessions as the least effective activity, though building peer relationships is regarded in the field as one of the most powerful methods for developing leadership skills.

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 be more aggressive about 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.