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DEVELOPING GREAT LEADERS

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1 :: INTRODUCTION

Great leadership is a vital part of success in today's competitive environment but it is not a phenomenon that develops on its own. It must be deliberately cultivated.

Experts say leadership qualities are often found in organizations, but rarely at the top. The reason is simple: while track record and management competencies are adopted as criteria for selection or promotion, leadership is rarely defined.



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2 :: WHY LEADERSHIP IS IMPORTANT

When it comes to the success of an organization – its productivity, profitability, and percentage of market share – it is often leadership that distinguishes top performers across different industries and lines of business. While managerial skills (like, strategizing, planning and budgeting) are necessary and important, alone they are insufficient.

Despite being brilliant strategists, financial wizards, or having an encyclopedic industry knowledge, managers will flounder as leaders and will fail to propel an organization forward if they are unaware of the effect their behaviour has on their teams. Managers that are unable to swiftly adapt to the changing business environment, whose behaviour demoralizes, rather than inspires, create a workforce that will not deliver. If they fall apart under stress; or, are dour and pessimistic in attitude, they may get an extremely demoralized workforce that will quit, or worse, actually sabotage their company's goals.

While it is vital that the CEO have exemplary leadership skills, it is also essential that every manager throughout an organization also shows strong leadership behaviours. Exemplary leadership – at the top and throughout an organization – defines the difference.

**“Management is doing things right;
leadership is doing the right things.”**
– Peter F. Drucker

3 :: WHAT IS LEADERSHIP?



- Followers create leaders.
- Have you ever left a company voluntarily due to the ineffective leadership skills of your manager?

Although most of us use the terms “manager” and “leader” interchangeably, these two functions are quite different. Managers occupy functional ‘managerial’ positions on the organizational chart. Leaders, on the other hand, are not necessarily identified on any organizational chart but instead are identified by their actions regardless of function or seniority. Functioning as a successful manager is not a guarantee that you are a successful leader. While managers are appointed by their superiors, leaders are **anointed** by their followers.

80% of the work that drives an organization's success has less to do with policies and procedures and much more to do with building, managing, and maintaining solid, committed relationships with those around them.

A leader's power does not lie in the authority of their role, instead, power is given to them by those that believe in them. The quality of a leader's relationships reflects on the leader's ability to fulfill the needs of their employees. When these needs are met, a leader's relationship with their workers improves. The quality of relationships determines an organization's success.

Why is this? Generally speaking, employees do not leave organizations; they leave managers. This has little to do with money or new career opportunities. They leave because of the poor quality of the relationship they have with their management.

The Center for Creative Leadership found that the primary cause of derailment for an executive was found in problematic leadership behaviours such as difficulties managing change, poor interpersonal relationships, and an inability to work well within a team. It has been shown that one component of leadership behaviour, self-awareness, was associated with superior performance amongst several hundred managers from 12 different organizations.

Those in senior positions must recognize that different situations call for a different combination of management and leadership skills. The higher up one is on the organizational chart, the more critical leadership behaviours become. The leadership challenge is two-fold. First, it is always easier to face technical and factual challenges than it is to manage relationship building. Second, business schools concentrate far more on facts, figures, and developing managerial skills, instead of focusing on relationship dynamics and leadership behaviours.

Without demonstrating leadership behaviours and skills, managers are limited in their ability to motivate their workforce to speak up, to contribute, to tolerate disappointments, or to go that extra mile. Qualities that fuel workers to create and pursue a commonly held vision that will drive them and their organization to new and more profitable heights, depends on leadership.

**“A good leader inspires others with confidence in him; a
great leader inspires them with confidence in themselves.”**
– Chinese Proverb

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4 :: TYPES OF LEADERSHIP



Consider

- Think of a manager who has had a **positive impact** on your career. What characteristics did this person possess?
- Think of a manager who has had a **negative impact** on your career. What characteristics did this person possess?

In his book, *The Finer Points of Leadership*, Michael Feiner, formerly the Chief People Officer at Pepsi Cola, and currently Professor of Management at Columbia University Graduate School of Business, emphasizes that leadership has little to do with strategy, market savvy, industry knowledge, or technical skills. Instead, he says that it has “everything to do with managing relationships, up, down, and across the organization. Leadership is the aggregation of hundreds upon thousands of small interactions. At the simplest level, the leader is a leader because he or she can enable [their] group to deliver. The only way to do this is through relationships that define the group.” Feiner crystallizes leadership into Role Specific definitions.

Role Specific Leadership

Being a good leader does not just mean leading those individuals that report to you. Instead, leadership skills are critical when it comes to leading bosses, peers and teams as outlined in [Figure A](#).

Figure A: Role Specific Leadership

Leadership Type	Exemplary Leadership Skills
Leading Bosses	<ul style="list-style-type: none"> • Use empathy and reality testing to grasp perspective • Understand strengths, weaknesses, preferences, and biases, and use this knowledge in dealing with co-workers • Offer clear and honest feedback, while simultaneously being aware of how they are receiving this input, and know when to pull back • Offer difficult news in the context of: “I’m saying this because I assume you want my honest opinion about how you ran that meeting...” or “What I’m going to say is difficult but I’m convinced that it’s in your best interest and the organization’s to hear me out...” • Seek ongoing coaching and feedback from managers
Leading Peers	<ul style="list-style-type: none"> • Treat everyone equally • Relationships are defined by inter-dependence • Acknowledge and discuss concerns in an honest and direct way • Be open to receiving honest and clear feedback from peers
Leading Teams	<ul style="list-style-type: none"> • Choose the best candidates to form a team, and then clarify structures of goals, voting rules, minority reports, format, and processes • Encourage open and honest debate on issues, not personalities • Actively seek out opinions from those who do not offer them • Push for group discussions of strengths and weaknesses of ideas • Realize that just because he / she leads a team, this does not mean that he / she decides the outcomes of debates and discussions

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5 :: EMOTIONAL INTELLIGENCE (EQ): HOW EXEMPLARY LEADERS BEHAVE

“Good leaders make people feel that they’re at the very heart of things, not at the periphery.”

– Warren Bennis

Social scientists have explored the underlying skills that create exemplary leaders. When trying to uncover why very bright, highly educated, industry-savvy executives can be ineffective leaders, they discovered that Emotional Intelligence (EQ) was a factor that was often linked to being an exceptional leader.

What is Emotional Intelligence (EQ)?

Most of us, when we think of intelligence, are referring to “braininess” known as “cognitive intelligence” (IQ). IQ tests measure our ability to think analytically, retain large amounts of information and compute mathematically. Cognitive intelligence is also necessary for managerial functions of planning, monitoring, implementing processes, policies and procedures. It is invaluable for strategizing, setting goals, defining objectives, and monitoring outcomes.

EQ on the other hand, is comprised of the social, emotional, personal, political, and survival skills that are essential in successfully dealing with day-to-day challenges and obstacles in our everyday lives.

Some of the EQ skills vital to successful leadership include:

- 1. Intrapersonal Skills** allow us to successfully understand and manage ourselves.
- 2. Interpersonal Skills** refer to understanding, managing, and collaborating with others.
- 3. Adaptability Skills** form the skill set that allows us to adapt to our changing environment.
- 4. The Stress Tolerance Skill** allows us to successfully deal with adverse situations.
- 5. Skills Surrounding General Mood** promotes an appropriately upbeat and positive outlook on life.

INSIGHT

CASE STUDY #1:

Experienced partners in a multinational consulting firm were assessed on their EQ competencies. Partners who scored above the median on 9 or more of the 20 competencies delivered \$1.2 million more profit from their accounts than did other partners – a 139 % incremental gain. (Boyatzis, 1999).

CASE STUDY #2:

In a national insurance company, insurance sales agents who were weak in emotional competencies such as self-confidence, initiative, and empathy sold policies with an average premium of \$54,000. Those who were very strong in at least five of eight key emotional competencies sold policies worth \$114,000. (Hay/McBer Research and Innovation Group, 1997).

CASE STUDY #3:

In a large beverage firm, using standard methods to hire division presidents, 50% left within two years, mostly because of poor performance. When they started selecting based on emotional competencies such as initiative, self-confidence, and leadership, only 6% left in two years. Furthermore, the executives selected based on emotional competence were far more likely to perform in the top third based on salary bonuses for performance of the divisions they led: 87% were in the top third. In addition, division leaders with these competencies outperformed their targets by 15 to 20 percent. Those who lacked them, under-performed by almost 20%. (McClelland, 1999).

Steven Stein, PhD and Howard E. Book, M.D., in the book *The EQ Edge: Emotional Intelligence and your Success*, pinpoint six skills that are essential to leadership:

1. Self-Awareness (Intrapersonal Skill)

Self-awareness is one of the most crucial leadership skills. It is the capacity to know what one is feeling, why one is feeling that way, and the impact that feeling has on our behaviour, and on our co-workers. A CEO with strong self-awareness will be conscious of the fact that he feels irritable and impatient, should be able to trace this back to a prior disagreement, and will recognize that this sense of anger and irritability could affect interaction at a senior management meeting that morning. He should also know from past experience whether he can put these feelings aside or whether it would be better

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to identify his poor mood to his colleagues. Without self-awareness, a CEO is at risk of leaving colleagues perplexed and bewildered by his / her uncharacteristic behaviour. They may retreat into silence.

2. Self-Regard (Intrapersonal Skill)

Self-regard is the skill of being aware of one's strengths and weaknesses, but nonetheless feeling comfortable with them. Leaders who have poor self-regard cannot allow themselves weaknesses and, as a result, can never admit mistakes. They do not show "quiet confidence" easily, nor can they show and understated humility. As a result, they are at risk of blaming others rather than acknowledging their own errors, and tend to surround themselves only with those that will agree with them, whatever they say.

3. Assertiveness (Intrapersonal Skill)

Assertiveness is the capacity to voice one's beliefs and wishes clearly and with conviction, defend them as appropriate, take an unpopular stance, and do this while being sensitive to the feelings of others. CEOs with low assertiveness behave passively, do not show passion for what they believe in, or behave in aggressive and destructive ways. In the first situation, they are unable to passionately communicate their vision, and in the latter instance, they lose followers through their intimidating manner.

4. Empathy (Interpersonal Skill)

Empathy is the ability to see the world from another person's perspective. It is the capacity to set aside one's own feelings, beliefs and perspective, and grasp the total experience through the feelings and beliefs of another person. When put into words, one's understanding of another, turns adversarial relationships into collaborative relationships.

5. Social Responsibility (Interpersonal Skill)

Social responsibility is the capacity to put the needs of the team, division, unit or organization ahead of one's own personal needs. It is an essential skill to give to the team in a way that does not directly benefit oneself. Social responsibility is the skill that allows the leader to share successes with the members of his or her organization. Leaders who do not have this capacity make poor team players, cannot share the spotlight and are reluctant to acknowledge the contributions of others.

6. Reality Testing (Adaptability)

Reality testing is clearly seeing situations the way they are, rather than the way we wish them to be, or the way we fear they might be. It is the capacity to objectively evaluate a

situation. Leaders without this ability are at risk of overlooking or denying problems until after they derail an organization. Alternatively, without pragmatically approaching situations, poor leaders often overreact when a problem arises.

"Of a good leader who talks little when his work is done...
[his followers] will say, "We did it ourselves."
– Lao Tzu

6 :: ENHANCING LEADERSHIP SKILLS: GROWING PROFITS BY BUILDING BETTER LEADERS



- Does your organization define and assess the leadership skills required by the CEO and senior management? What are these measures?
- Does your organization identify and groom future and potential leaders from within your organization?

While IQ is fixed and relatively unalterable after the age of ten, EQ can be learned and enhanced. This means that EQ-skills can be cultivated so that adequate managers can become exemplary leaders.

A. Evaluating the Current Leadership Skills of the CEO and Senior Executives

The first step in developing leadership skills is measuring their current state. Drake Picasso is a reliable and valid computer-based assessment tool that evaluates and measures eight essential elements necessary for success. It provides a comprehensive assessment of leadership and behavioural preferences in the areas of conflict resolution, team roles, personality, activity preference and learning styles. CEOs and management are able to take the results of the assessment and directly apply this insight into better understanding how they lead and communicate with others, as well as how each leadership style relates to the overall composition of the working style of their team.

B. Developing Exemplary Leaders

Developing and enhancing exemplary leaders usually takes place in five stages:

1. **Introduction:** The CEO and senior executives are introduced to the subject of Emotional Intelligence, and the ramifications enhanced leadership EQ has for an organization's culture, profitability, and market share. The recruitment and retention of top performing employees

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is also discussed. This format actively explores questions, concerns, reluctance and resistance that participants may have. Participants develop an understanding of themselves and how their styles and skills interrelate within a team composition.

2. Benchmarking: Gathering research and data on the overall team composition and executive team member profile is crucial in setting, evaluating and measuring progress on agreed upon personal and organizational objectives. During this phase, the CEO and senior executives can use psychometric assessment tools such as Drake Picasso to obtain a measure of each individual's overall profile. The consultant can then utilize the data gathered to facilitate each individual's understanding of which leadership and team oriented skills and behaviours would benefit from enhancement, given that person's specific job description.

3. Leadership Enhancement / Development: Depending on the specific situation and leadership team objectives, a consultant typically will meet with the CEO separately and with the group of senior executives for a three-hour period, twice a month, equally spread over a period of four to six months. The goal during this phase is to enhance crucial leadership competencies through case-oriented coaching.

4. Post-Training Benchmarking: After implementing a leadership enhancing development program, evaluating and measuring progress is critical. The leadership team can utilize Picasso's psychometric results to better understand the behaviours and styles that either led, or provided obstacles, to that achievement. This significant re-evaluation is the "real world" assessment where individual personal goals and organization objectives are measured. Senior leaders demonstrate significant and measurable accomplishments in achieving their personal goals, are ranked higher on their performance evaluations, and will have pushed the organization to better meet or exceed its strategic and financial objectives.

5. Maintenance: This suggested phase ensures that the move to an exemplary level in leadership is maintained, or that any issues that have allowed erosion in exemplary leadership style are identified and resolved. Depending on the team or situation, the consultant meets with senior executives three to four times a year as a follow-up.

**"Leadership and learning are indispensable to each other."
– John F. Kennedy**

7 :: RESULTS OF LEADERSHIP IN SPECIFIC SITUATIONS

In his book, *The Finer Points of Leadership*, Michael Feiner crystallizes how leadership can result in specific situations – leading change, leading in crisis and leading diversity:

Figure B: Situation – Specific Leadership

Challenge	Exemplary Leadership Skills
Change	<ul style="list-style-type: none"> • Change is difficult because it may be experienced as: <ol style="list-style-type: none"> 1. Loss of status 2. Criticism of their work 3. Abandonment of them by the organization, and 4. Betrayal of their own commitment to their workplace • Requires that leaders seek out and explore the meaning of change • Use empathy, relationship building and reality testing to engage in deep and meaningful discussion that will unearth concerns
Crisis	<ul style="list-style-type: none"> • Withstand the impulse to rush into action, and spend time reflecting on the crisis and various options of dealing with it • Seek input from two or four senior colleagues, implement assertively and respond to the outcome accountably • Exhibit finely honed reality testing, empathy, problem solving, and assertiveness
Diversity	<ul style="list-style-type: none"> • Leading groups from diverse backgrounds recognizes that being different does not mean being inferior • Requires self-awareness of hidden biases and assumptions that they may hold • Show an interest in learning about other cultures, and openly acknowledge and discuss differences and the implications they have for the organization's objectives • Requires strong reality testing, a fine sense of self-awareness, and the capacity to use empathy to further relationships

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8 :: RETURN ON INVESTMENT

Leadership emphasizes “path-finding” and involves doing the right things with the right skills and behaviours. A successful leader will initiate change through a new, different and modified vision of what an organization may become – a vision that brings growth in profitability and an increase in shareholder value. The more comprehensive a company’s leadership development efforts, the better its financial results in terms of shareholder return, growth in market share, growth in net income and return on sales. One may argue that successful firms simply have more money to invest in these programs. On the other hand, it is difficult to contend that ignoring leadership development will allow companies to produce superior economic gains.

The following example analyzes the profit contributions made by partners within a large accounting firm. Goleman, Boyatzis and McKee note that those partners with significant EQ strengths in empathy, social responsibility and relationship building, and in the arenas of self-regard and self-awareness, had a 390% incremental profit over those partners without those strengths. This benefit added up to more than \$1.4 million per year.

Let us assume that there are 210 partners within the accounting firm, half of which (105) have the EQ strengths, and half of which do not. It is possible to train the 105 partners without these strengths to the level of the 105 partners who have these strengths. This would accrue a benefit of an additional \$1.4 million per year.

A. RESULT OF AN EFFECTIVE LEADERSHIP TRAINING PROGRAM

Number of partners in the training group		35
Multiplied by three groups of partners	x	3
Equals the total number of partners to train	=	105
Eight training sessions		8
Multiplied by two weeks	x	2
Equals the number of weeks to train three groups of thirty-five people	=	16

¹Each group would be trained for a 3hr session, held every 2 weeks for a period of 8 sessions.

B. COST TO TRAIN ONE GROUP

Training cost per session	\$	300
Multiplied by three hour training sessions per group	x	3
Equals the total training cost per session	=	\$900
Multiplied by eight training sessions	x	8
Equals the total cost to train one group	=	\$7,200

C. COST TO TRAIN THREE GROUPS

The total cost to train one group	\$	7,200
Multiplied by three groups of partners	x	3
Equals the total cost to train three groups	=	\$21,600

D. RETURN ON INVESTMENT

Additional benefit per year to train partners with high EQ strengths		\$1,400,000
Divided by the total cost to train three groups	÷	\$21,600
Return on Investment (6481%)	=	64.81

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9 :: CONCLUSION

Exemplary leaders grow profits by building committed and enthusiastic relationships that bring others on side and inspire them to achieve or exceed their workplace goals. Such leaders do this through behaviours that meet the needs of bosses, peers, teams and subordinates throughout the organization. The skills that underlie great leadership belong to a set of social, emotional, and personal competencies called “Emotional Intelligence” (EQ). Unlike IQ (“book smarts”) EQ (“people smarts”) can be learned. Even more important, changes in EQ are correlated with changes in individual and workplace goals that play a significant role in the organization ultimately becoming more successful.

Using tools such as Drake Picasso and developing a five-phase program for building and grooming exemplary leaders for the next generation offers companies an opportunity to develop and hone a competitive and profitable edge.



10 :: TIPS AND CHECKLIST

Here are a few pointers to help develop leaders focused on results, not just activities:

- Leadership skills and behaviours of CEOs and senior management distinguish top performers across different lines of business and should exist at all levels of the organization.
- The two functions – **leadership** and **management** are quite different. Managers are easy to identify and occupy managerial positions on the organizational chart whereas leaders are identified by their actions – regardless of level.
- Leadership-building behaviour ensures effective recruiting, retaining and rousing of top performers and grooms the next generation of leaders from within the organization to solidify ongoing success.
- Leadership depends on building solid, committed relationships with those around you and particularly with those accountable to you.
- Leadership is divided into two types: **Role Specific** and **Situation-Specific**.
- Emotional Intelligence (EQ) is composed of the social, emotional, personal, political and survival skills vital to successful leadership. The presence of Emotional Intelligence (EQ) is what separates adequate from exemplary leaders.
- Emotional intelligence can be learned and cultivated so that adequate CEOs and senior executives can become exemplary leaders.
- Measure the current state of leadership skills of the CEO and senior executives using Drake Picasso, a reliable and valid computer-based assessment tool that evaluates and measures eight essential types of roles necessary for success.
- Develop exemplary leaders through a five-stage training program including:
 1. Introduction
 2. Benchmarking
 3. Leadership Enhancement / Development
 4. Post-Training Benchmarking, and
 5. Maintenance
- Exemplary leaders grow profits and provide beneficial contributions to an organization's success.

ABOUT DRAKE

Members of The Drake International Group of Companies are global leaders in the field of human resources, consultative management, staffing and technology solutions. For more than 50 years, Drake International has helped North American businesses solve productivity problems and recruit the best people. We begin with a business needs analysis which pinpoints the optimal way in which we can help your organization achieve its strategic objectives and overall workforce optimization strategy.

Using a partnership approach to deliver measurable results, Drake optimizes a company's profitability applying a blend of flexible staffing, permanent recruitment and technology solutions. Using innovative strategies, Drake reduces costs, increases revenue and customizes HR solutions including outsourcing of non-core business functions. Our unique vision plans to hire the right people for our clients the first time, thus saving them money by reducing their need for recruitment.

Drake's operating philosophy is based on the principle that organizations and people are at the highest level of productivity when they are working with the right skills, knowledge and behaviours, using the best processes and technologies.

We aim to assist your organization in achieving heightened productivity, performance and profit standards through the effective use of people and the application of proprietary technologies to help match workforce levels to workload. Allow Drake to help you and your company Outperform.

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