

Leadership capacity

The defining trait of organisations that successfully grow and navigate critical change is the practice of regularly revising their form of leadership, thinking and operations. Simply put, these great organisations understand that what got them to where they are today, is unlikely to get them to where they want to go next.

WHY LEADERSHIP CAPACITY?

Many organisations successfully establish and grow without particular regard for the quality of their leadership. Maybe they have developed breakthrough technology, maybe economic conditions are in their favour, maybe the personality of the founding leader drives success. Eventually though, most organisations face challenges and need to adapt in order to continue to thrive. Such challenges come from a range of external and internal factors such as environmental or competitive issues, regulatory change, acquisition or disposal, or change of leadership. The natural evolution of the organisation itself brings about the need to adapt in order to transition successfully to the next phase of growth.

It is at these most critical times, when an organisation is at a *strategic inflection point*, that the capacity of leadership is called upon. Those organisations that have developed a greater capacity of leadership stand a greater chance of navigating the inflection point and of continuing to thrive. Our work therefore focusses on promoting the development of leadership capacity and our model defines those particular capacities needed at times of critical change.

Great and really effective leadership has a depth of quality more than know-how and behaviour. It comes from an inner awareness, self-management and a willingness to go beyond what was ever achieved previously. Because strategic inflection points challenge so much of what is already known, well understood and is “safe and comfortable”, this inner nature of leadership becomes critical and certainly more critical than the outer action aspects alone.

WHAT DO WE MEAN BY CAPACITY AND WHAT'S SPECIAL ABOUT IT?

We have chosen to use the term capacity for distinctive and outstanding organisational leadership. Capacity evokes the idea of quantity or scale. It is not binary; leaders and teams can have more or less of it. It is qualitatively different from the simple application of a skill or model. It is about the structure and application of thinking; it shows up with resolve, with heart to set and stay the course, with constancy and authenticity; it engenders committed followership when it's most needed.

For our purposes we define capacity as the combined character, capability and intentionality of individuals, teams and organisations to lead, grow and evolve. Each of these critical dimensions contributes to determining the capacity within an individual leader, a leadership team and, ultimately, the effectiveness of the whole organisation:

- + Character - the mental and moral qualities
- + Capability - the ability to do something
- + Intentionality - the fact of being deliberate or purposeful

6 CRITICAL LEADERSHIP CAPACITIES TO GET YOUR ORGANISATION FROM HERE TO THERE

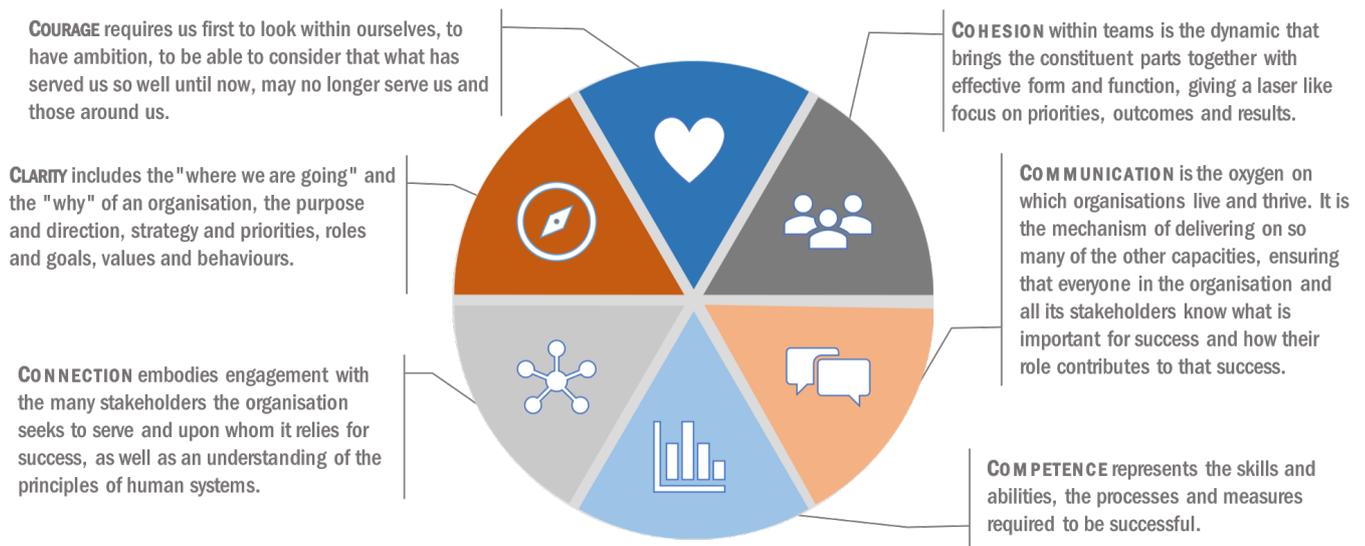


And the most critical of these dimensions is **intentionality**: the mental game, engaging in the experience of leading and the collective process; committing to practice and improvement; examining and developing the structure of thinking and taking action from there.

Our emphasis, therefore, is on both the inner and outer aspects of leadership, on the being as well as the action of doing, and connecting these through **intentionality**.

THE MODEL IN OVERVIEW - WHAT MAKES UP OVERALL LEADERSHIP CAPACITY

To help understand, assess and work with these ideas we identify and define six constituent capacities:



While we recognise that there are many leadership traits, we believe that these six capacities are foundational and that individually and in combination, they incorporate many other important leadership traits.

WHICH ARE MOST IMPORTANT AND HOW DO THEY INTERACT?

Effective leadership is not simply the sum of the six capacities. The development of each of the capacities in a leader and team is an essential starting point. However, it is the interaction of the capacities and the natural flow of direction, trust and decisions between them that develops the whole capacity of leadership, which is essential to the evolution of an organisation and the navigation of critical change.

The primary capacities of leadership are Clarity, Cohesion and Courage. Having the capacity of Clarity brings a vision for the future of the organisation, strategy to achieve it and values which drive the behaviours needed for success. Clarity also means that the priorities for success are clear and well understood by all. The capacity for Cohesion means that leadership and operations teams can be developed which will function on the basis of trust and mutual support, and which follow a clear direction and focus on results. It is the capacity for Courage in the leadership that is the driving force which enables Clarity and Cohesion to achieve the levels of performance needed for success, and which allows self-limiting tendencies to be confronted and overcome.

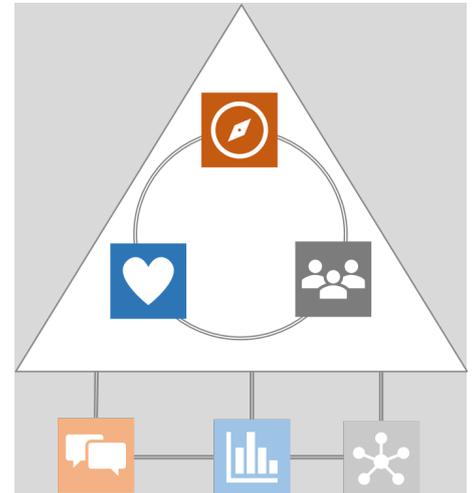
The secondary capacities are Communication, Competence and Connection. These are the action-oriented capacities critical for successful execution. However, it is the combination of primary and secondary capacities that develops an organisation's environment in which the understanding and alignment of vision, strategy, values and priorities are pervasive.

A THRIVING ENVIRONMENT – WHAT THE COMBINATION LOOKS LIKE IN ACTION

The combination and interaction of the 6 capacities create an environment in the organisation which enables the individuals and leadership to drive success around a shared vision, strategy, values and priorities.

When this environment develops it shows important attributes:

- Alignment of vision, strategy, values and priorities
- Teams which operate on trust and hold each other to account
- A shared understanding of the purpose which is both attractive and real to the people who work there
- Significant levels of positive reinforcement when performance goes beyond expectations.
- Discretionary performance which is commonplace.
- Competence and resources necessary for success are available.
- Obstacles to success are recognised and removed
- Everyone understands how they contribute to success
- The organisation behaves as a single connected system driving towards a common goal



In the following sections we look into each of the individual capacities, what teams and the organisation look like when the capacity is low, and how they show up when the capacity is really present and having a positive impact.

THE INDIVIDUAL CAPACITIES - HOW THEY SHOW UP IN ACTION



CLARITY includes the "where we are going" and the "why" of an organisation, the purpose and direction, strategy and priorities, roles and goals, values and behaviours.

Greater Clarity is an attractor for people, it is the primary energiser and enabler of an effective organisation. Lack or insufficient Clarity means the organisation tends towards silos and chaos, with groups heading in different directions, operating to different strategic goals and priorities, and using different values to guide behaviour.

How leadership with Clarity shows up in action:

- States the purpose of the organisation, why it exists.
- Creates a compelling vision for the future of the organisation, ensuring everyone understands it.
- Defines and communicates a strategy that will drive the organisation to achieve the vision.
- Links everyone's role to the vision and strategy.
- Defines the values and behaviours necessary for success.
- States the priorities of the organisation consistent with the strategy, keeping them few and stable.
- Defines the roles that will drive the strategy, ensuring scope, authority and boundary are clear and understood by all.



COURAGE requires us first to look within ourselves, to have ambition, to confront the identity and assumptions we hold about ourselves and others, to be able to consider that what has served us so well until now, may no longer serve us and those around us, to take the risk to step beyond those limiting self-imposed boundaries and from there find a path towards growth and greater effectiveness.

With greater Courage leaders show up with greater authenticity, teams show up with significantly greater impact. Having courageous leaders around promotes a culture of robust authenticity, a grounded safety where truth is a priority and outcomes are achieved. With less Courage leaders, teams and organisations fall into, or stay stuck, in one of three limiting and ineffective patterns: an overly compliant niceness, avoiding reality and failing to tackle the seriousness and importance of leadership; a brittle, aggressive or domineering controlling culture; a distant, disengaged remoteness that fails to engage and inspire

How leadership with Courage shows up in action:

- Has ambition that is far beyond what was achieved previously
- Delegates the necessary authority along with responsibility
- Makes tough decisions
- Has tough conversations
- Makes significant changes to the Leadership Team and the organisation.
- Acts in a timely manner.
- Changes their mind appropriately.
- Goes beyond the edge of comfort.
- Listens to those who oppose their view.



COHESION within teams is the dynamic that brings the constituent parts together with effective form and function. Members of cohesive teams understand, embrace and work with the varying personalities, motivators, ambitions, communication and behavioural styles.

They have a trust which generates a preparedness and safety for vulnerability, enabling team members to engage in robust constructive conflict, allowing all to become committed to decisions and goals. It allows team members to vigorously and supportively hold each other to account, giving a laser like focus on priorities, outcomes and results.

With greater Cohesion teams have a strong and particular structure and performance. Teams with Cohesion perform not only greater than the sum of the parts, but with impact for unity and results that influences and transmits success throughout the organisation. With less Cohesion teams vacillate, failing to have meaningful dialogue, becoming unaccountable for action and results, spreading a weak and ineffective silo culture of self-interest and politicking.

How leadership with Cohesion shows up in action:

- Shows up fully and openly.
- Trusts their team to deliver.
- Engages in open and robust dialogue
- Delivers their commitments.
- Ensures others deliver their commitments.
- Is accountable and holds others to account.
- Focuses on results.
- Has a bias towards action.
- Drives teamwork in the organisation.
- Admits to mistakes.



COMMUNICATION is the oxygen on which organisations live and thrive. It is the mechanism of delivering on so many of the other capacities, ensuring that everyone in the organisation and all its stakeholders know what is important for success and how their role contributes to that success.

With greater Communication teams and organisational interactions flow freely throughout the system. People feel heard and able to show up to fully contribute. Dialogue is embraced, and informed decision making is enabled. With less Communication passivity and disengagement spread throughout the organisation. Change initiatives, priorities and values become seen as dictates and sloganising. The potential and power of the organisation is drained away from within.

How leadership with Communication shows up in action:

- Speaks with candour.
- Listens actively.
- Gives timely positive reinforcement and constructive feedback.
- States the strategic priorities regularly.
- Uses the strategic priorities to inform decision making.
- Constantly espouses the vision, strategy, values and culture.
- Develops channels for dialogue with the Board and the shareholders.



COMPETENCE represents the skills and abilities the organisation needs, the processes and measures required to be successful. It represents the organisations ability to continually review, refine and refresh the skills and abilities needed for success, innovating and bringing in new skills as the development of the organisation needs.

With greater Competence an organisation knows what it is good at, knows how to be successful and what that looks like, continually explores the edge of its abilities and seeks to develop through training, collaboration and innovation. With less Competence organisations retreat further and further into the safe space of what used to serve them. These organisations become jaded and stale, no longer relevant, ill-equipped to navigate through change and complexity.

How leadership with Competence shows up in action:

- Has a deep understanding of the business model and what drives success.
- Maintains their knowledge and understanding of the products and services of the organisation.
- Keeps the processes of the organisation in line with the strategy.
- Understands and uses the Key Performance Indicators of the organisation and ensures they are timely and available to all.
- Develops their own leadership and management skills.
- Invests in the development of the management skills of the leadership team.
- Collaborates with all parts of the organisation and drives collaboration throughout it.
- Promotes innovation throughout the organisation.
- Maintains a good understanding of the governance required by the organisation.



CONNECTION embodies engagement with the many stakeholders the organisation seeks to serve and upon whom it relies for success, as well as an understanding of the principles of human systems and how to work with them.

With greater Connection comes a respect for and engagement with the wide range of parties and systems that are critical to success. Uncertainty, resistance and complexity can be met as information and used for more innovative and successful outcomes. With less Connection teams and organisations reinforce their own silo, engagement drops, challenge is met as a force to be battled with and overcome. As a result, selfishness and self-interest dominate and long-term sustainability diminishes.

How leadership with Connection shows up in action:

- Knows the market, competitors and trends that affect the organisation's position.
- Establishes relationships with partners, keeping them current.
- Connects personally with the employees both formally and informally.
- Knows the investors and communicates regularly with them.
- Understands customers intimately and establishes personal relationships with key customers.
- Develops a strong relationship with the Board members, ensuring they are fully informed.

WHAT CAPACITIES DO YOU NEED TO FOCUS ON AND DEVELOP?

In the opening section, we set this paper in the context of strategic inflection points - that's when your capacity for leadership is called upon most. However, *"what got you here, won't get you there"* holds true across the life of an organisation, as changes and challenges come and go, difficulties have to be met, opportunities embraced. How fit and ready are you and your leadership for these challenges? Are there gaps that need to be addressed? Regularly reviewing your leadership capacity is an important step to maximising effectiveness and ensuring readiness for the future.

Use this **Mini Self-Assessment** to assess the scale of your own and your senior team's leadership. Rate each statement on a scale of 1 to 5 where 1 is low and 5 is high.

I / My leadership team / My organisation:

1. Are clear about where we are going, what our purpose and direction are, the strategic priorities, key values and behaviours. _____
2. Have the courage to have ambition beyond what we've had before, to confront the assumptions we hold about ourselves, to retire those ideas and behaviours that no longer serve us and to take risk beyond self-imposed boundaries. _____
3. Have the cohesion to operate with trust and effectiveness, to understand, embrace and work with varying personalities, motivators, ambitions, communication and behavioural styles and to hold each other to account. _____
4. Constantly communicate to ensure that everyone in the organisation and all its stakeholders know what is important for success and how their role contributes to success. _____
5. Have the competence, skills and abilities, processes and measures required to be successful from here on. _____
6. Have the connections to engage with the many stakeholders the organisation seeks to serve and upon whom it relies for success. _____

Use this paper and the mini self-assessment as the basis of a leadership development meeting by having everyone read the paper and answer the questions separately. Then review the scores together and have a conversation to get beneath any low averages or variances between assessors.

Average scores for a question that are 3 or lower, as well as significant differences between assessors on a particular question, are pointers to the need for further exploration and potential development action.

You could also consider, for example, how customers might score you, what gaps employees might highlight, and how the next level of leadership might respond.

Agree one priority area for development, just one gap or issue which, if developed, will make the most difference to your leadership performance. Define your improvement plan and any support needed. Regularly check in with each other to make sure you are staying on track and staying the

course. Above all, become more **intentional** about your individual and collective leadership experience and to making the improvements you desire.

CONCLUSION

We hope this paper provides a deeper understanding of the capacities framework and lets you see specific behaviours and outcomes for each capacity.

Before closing though we want to bring you back to the meaning and spirit of capacity, which we define as the combined character, capability and intentionality of individuals, teams and organisations to lead, grow and evolve:

- + Character - the mental and moral qualities
- + Capability - the ability to do something
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Beginning to adopt the behaviours we have identified in the proceeding sections will make a difference to your leadership and to the effectiveness of your teams and organisation. However, those outer changes alone miss the opportunity to shift leadership to the next level. It is the inner character shift, the understanding and belief of why these changes matter that makes the difference to how you show up, to how others see you, and ultimately to the impact you have. It is the mental game, the intentional practice and purpose that allows you to grow your capacity over time.

Take a look at you own leadership and the way in which your teams function (particularly those at the top and middle). Take a look at your whole organisation and measure it against the descriptions above. How does your situation measure against this? Determine the behavioural shifts you want to prioritise, determine the changes in the mental game that are needed. Go to work on those priorities, work on them collectively and work on them over time.

We have many years of combined business leadership, consulting and coaching experience, working with successful leaders across many sectors. The six capacities model is derived from both our own business experience and from our extensive work with clients. It is a framework best used when it is important to look at individual and team leadership. We deploy it in team workshops and 1:1 coaching and have built a assessment and organisation survey to help clients understand the current state of their leadership and take action to improve it.