

Gary Walpole

Director, LMW / ARC

www.lmw.org.uk

*Leadership & Management
Development: Does it Pay?*

Leadership & Management Development (LMD) Does it Pay?

- Introduction & Background
- What the Research and UK Government suggest
- Different Perceptions of the Supply and Demand sides
- What is the value of LMD?
- High Performing Organisations and LMD, what they 'Do'
- Questions

The CENTRE for EXCELLENCE for LEADERSHIP & MANAGEMENT SKILLS in WALES

- Leadership & Management Wales (LMW)
- Cardiff Business School awarded the a 3 (+2) year contract by the Welsh Assembly Government.
- Consortium includes Glyndwr University (Wrexham Business School) and TGAL.

Role of LMW

1. Drive up demand for leadership and management development, particularly within small and medium businesses;
2. Improve quality of the leadership and management provision;
3. Research and develop innovative solutions to meet the leadership and management needs of employers;
4. Develop and deliver enhanced information and signposting services for leadership and management;
5. Co-ordinate and interrogate the analysis of need for leadership and management from organisations such as Sector Skills Councils;
6. Identify and share best practice relating to leadership and management;
7. Facilitate learning networks for leadership and management;
8. Evaluate programmes, projects and pilots of proposed new leadership and management support measures;
9. Provide advice and guidance for leadership and management business support advisors; and
10. Co-ordinate with PSMW on leadership and management issues.

Why promote LMD

- UK workforce skills compared to the US and other leading EU (Northern) countries
 - Porter & Ketels, DTI (2003)
 - 'Move up the value chain'
 - Impossible for UK to compete on unit labour costs
 - Therefore imperative for UK to up-skill the workforce

*"small businesses' capability to
grow is being hampered by a lack
of skills"*

**DTI, A Government Action Plan for Small Business,
2004, p. 38.**

"Differences in management practices between the USA and the UK, for example, explain 10% to 15% of the productivity gap in manufacturing between the two countries. This indicates that both skills provision and management are important elements in increasing productivity"

Leitch: Review of Skills Final Report (2006) p7



"If we fail to improve workforce, leadership and management skills, and to apply those skills in the workplace, Welsh businesses will gradually find it more difficult to compete"

Skills That Work for Wales, WAG (2008)



"If you look over a hundred years of industrial history, typically it is management innovation that has allowed organisations to reach new performance thresholds – more than any other kind of innovation"

Gary Hamel, Competing on Knowledge (AIM, 2008).



Government Perception?



SME Perception?



What do you think?

In pairs / Threes discuss (5 mins)

- Do organisations need to enhance the skills of their leaders and managers in Wales?
- What skills do managers and leaders need to improve?



The Literature suggests

- business size and engagement with formal training has a strong positive correlation
- indifference of SMEs due to; 'ignorance' and 'market forces'
- Preference for informal training in SMEs

Literature

- SMEs aware of and value training
- Un-involvement in Government programmes due to the limited relevance
- SME population heterogeneous, their needs differ by sector and size
- SMEs do engage to pull advice and services from both public and private sector providers

Sources of Advice used by SMEs Ramsden & Bennett (2005)

<i>Private Sector</i>				
Employee size	1 - 9	20-49	50-99	All
Accountant	37	79.6	81.2	33
Bank	66	50.7	62.3	59
Solicitor	72	75.5	83.8	76
Consultant	30	50.7	56.1	44
Customer	34	36.6	46.2	38
Supplier	29	42.5	39.9	37
Venture capital firm	2.1	2	6	3
Business angel	6.5	8	3.2	5.2
Non-executive director	13	26.7	27.8	22
Friend/relative	45	42.6	42.9	

Sources of Advice used by SMEs Ramsden & Bennett (2005)

<i>Public sector</i>				
Employee size	1-9	20-49	50-99	All
Business Link	61	82.4	56.6	68
TEC/LEC/LLSC	23	10.4	25.2	19
DTI	27	16.6	18.7	21
Universities	27	16.8	24.1	22
Local authority	15	20.4	5.5	15
RDA/WDA, etc	20	5.3	6.8	11
British Trade International	3.8	13.3	9.7	9.1

Leadership & Management Development: Does it Pay?

If you think LMD is of benefit to an organisation please list in what ways.....

Does it increase organisational efficiency?

Does it increase profitability?

Does it increase organisational effectiveness?

Leadership Paradigm

We are going to win and the industrial west is going to lose: there is nothing much you can do about it, because the reasons for your failure are within yourselves. 'Your firms are built on the Taylor model; even worse, so are your heads. With your bosses doing the thinking while the workers wield the screwdrivers, you're convinced deep down that this is the right way to run a business.

Konosuke Matsushita, Tokyo 1979

Toyota

25 years ago, it was just one of a heard of Asian interlopers selling fuel – efficient econoboxes, and Detroit snickered at the notion that Americans would ever want to buy many of them.....Toyota's Camry has been the bestselling car in the U.S. since 2002, and the Lexus LS 430 has been the leading luxury car brand for seven straight years. The company's long term strategy is as green as anyone's. Sales of the Prius, which runs on a gas electric hybrid engine, passed 100,000 units in 2006

– Fortune Magazine list of 100 most admired Companies (2007)

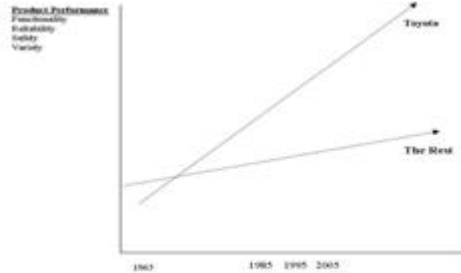
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Assessability & Readiness Skills
Skills for Business

Toyota



Adapted from Steven J. Spear (2009)

Skills for Business

Skills for Business

“there’s no doubt that Toyota’s success is largely attributable to its ‘velocity of discovery- the speed with which the company improves, innovates and invents.”

Steven J. Spear (2009) *Chasing The Rabbit*

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Assessability & Readiness Skills
Skills for Business

“No team can design a perfect system in advance, planning for every contingency and nuance. However, as Alcoa realised, people can discover great systems and keep discovering how to make them better.”

Steven J. Spear (2009) *Chasing The Rabbit*

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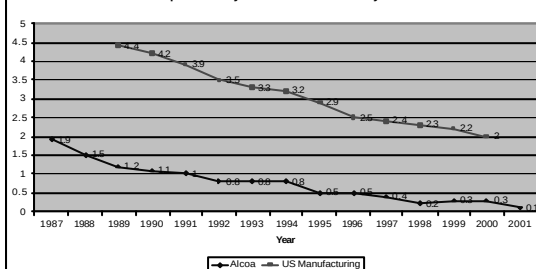
Leadership & Management Skills
Skills for Business

ARC

Assessability & Readiness Skills
Skills for Business

Alcoa's Pursuit of Perfect Workplace Safety

Workplace Safety at Alcoa - Lost workday rate



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Assessability & Readiness Skills
Skills for Business

Adapted from Steven J. Spear (2009)

S J Spear High Velocity Organisations (2009)

- Capability 1: System Design and Operation
- Capability 2: Problem Solving and Improvement
- Capability 3: Knowledge Sharing
- Capability 4: Developing High – Velocity Skills in Others

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Skills for Business

S J Spear High Velocity Organisations (2009)

• Capability 1: System Design

- **Design:** Specify work systems in terms of what output is being pursued, who will perform what steps in what sequence along a pathway to generate that outcome, how exchanging of material and information (Including the informational triggers to start work) will be made across the connections between steps, and what methods will be used at each step. Design systems (*jidoka*) with test built in to immediately identify any gaps between what was predicted and what happens.

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S J Spear High Velocity Organisations (2009)

• Capability 2: Problem Solving & Improvement

- **Improve:** swarm problems the moment they are seen so that they can be contained, investigated, and resolved quickly. Involve those affected by the problem in resolving it, using the discipline of the scientific method to ensure that solving problems also builds additional useful knowledge on ways to increase the chance for success in the future.

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S J Spear High Velocity Organisations (2009)

• Capability 3: Knowledge Sharing

- **Share Knowledge:** Share throughout the organization whatever is learned locally. Share the discovery process as well as the particular solution, so new insights can be put to wider use and have broader benefits.

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S J Spear High Velocity Organisations (2009)

• Capability 4: Developing High – Velocity Skills in Others

- **Develop problem solving capabilities:**
Develop these core capabilities in those for whom you are responsible as a leader.

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Apollo 13

- Apollo 13 – filter challenge
 - http://www.youtube.com/watch?v=Z3csfLkMJT4&feature=Playlist&p=31FF724381B7B71C&playnext=1&playnext_from=PL&index=2
- ‘Necessity is the mother of invention’
 - Victor Hugo

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- “Necessity is the mother of invention”
 - Victor Hugo (1852)
- <http://uk.youtube.com/watch?v=rNDuGuerpf8&feature=related>

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The Challenge of Learning

Apollo 13

- What was the problem?
- What led to the problem?
- What did you think and feel when 'presented' with the problem?
- What did you think and feel when watching the problem 'solved'?
- Do 'work – arounds' occur in your workplace?
- What could be done to ensure the problem did not reoccur?

Literature

- business size and engagement with formal training has a strong positive correlation
 - Storey & Westhead (1997), Kitching & Blackburn (2002), Johnson (2002), Devins & Johnson (2003),
- indifference of SMEs due to; 'ignorance' and 'market forces' Storey & Westhead (1997)
- Preference for informal training in SMEs
 - Kotey and Folker (2007), Clarke *et al.* (2006), Jayawarna *et al.* (2006)

Literature

- SMEs aware of and value training
 - Kitching & Blackburn (2002), Devins & Johnson (2003),
- Un-involvement in Government programmes due to the limited relevance
 - Kotey and Folker (2007), Clarke *et al.* (2006), Jayawarna *et al.* (2006)
- SME population heterogeneous, their needs differ by sector and size
 - (see, Jayawarna *et al.*, 2006; Clarke *et al.*, 2006; Kitching and Blackburn, 2002)

Literature

- SMEs do engage to pull advice and services from both public and private sector providers
 - Ramsden & Bennet (2005), Kitching (2008)

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John Adair (1968)

The areas or needs not static or separate, but dynamic and interactive

