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## Creating the conditions for transformational leadership growth at a leading global financial institution

### Summary

In common with many large complex global businesses our client recognises that the world is changing fast and this requires new leadership capabilities. Despite a thriving leadership development industry, leaders with the right sort of capabilities are in short supply. Our work with this leading global bank sought to create the conditions for 'vertical' development, not simply aggregate a collection of development activities in the hope that people would be 'developed'.

As the world grows more complex, organisations need an ever greater proportion of their workforce to be able to handle uncertainty, ambiguity, etc. Adapting to such factors is not simply a skill anyone can acquire, however, but a way of living in the world. This way of thinking, feeling and doing is not inborn, but rather is developed over time as we increase our capacity to take others' perspectives, view authority in new ways, and see shades of grey where we once saw only black and white. This is the essence of constructivist adult development theory.

In seeking to develop a cadre of leaders at the bank that are able to operate, thrive and lead in a VUCA world, we applied the concept of constructivist-development to their high potential director development programme, to support participants' capacity to grow and make-meaning in a rapidly changing and complex environment. Deploying research from the Center for Creative Leadership, we sought to create the catalysing conditions that would stimulate 'vertical' growth as well as build out 'horizontal' capabilities. In doing so, we have introduced the concept of 'vertical development' to leadership development across the bank.

### Setting the Scene

The world of financial services has been tumultuous since the world-changing spasms following the 2007-08 financial crisis. Our client recognises that in a fast changing environment the leadership capabilities required are growing exponentially. If the bank was to change at a sufficient pace to fend off competitive threats, deliver new products and services and thrive in the new economy, then it would require transformational leadership – people that could change the bank not simply run the bank as it had operated in the past.

Our journey with this client started in the autumn of 2014 when the Executive Leadership Academy Team asked for help in creating a development mechanism that would grow a cadre of leaders capable of enterprise-wide leadership and able to lead the organisation of the future.

### Requirement

The initial requirement seemed straightforward. An analysis of leadership assessment data across the bank suggested that whilst they had a rich seam of talent capable of 'running the bank', it required more transformational or 'change the bank' capabilities. Our client wished to grow this capability in their Director population so as to provide a full and flowing pipeline of talent into the senior echelons of the organisation.

As a large and complex global organisation, they also wished to work in a joined up, yet not restrictive, manner across the bank. This meant developing a core organisation-wide design that could be flexed to suit the needs of differing business units, functions and geographies. We worked in partnership with a group of organisation development partners from across the bank to create a set of common principles and a design that would work for all, but which provided sufficient flex to local circumstances.

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### Solution

Participants were selected via the internal talent management process. The programme design included several principles:

- A lens that incorporated: a global world-view, scanning the wider socio-economic and political / regulatory landscape; the changing nature of financial services; the implications for the bank and individuals as leaders within this changing world and industry; setting the context within a global world-view of financial services now and in the future.
- 30:30:30 (formal, informal and social) learning principles for the digital age (Dan Pontefract).
- Used a mix of diagnostic tools to identify both 'horizontal' (capability broadening) and 'vertical' (capacity growth) development pathways.
- Blending multiple inputs working to a common architecture and approach, with as much as possible delivered using digital tools.
- A flexible 18-month programme which leverages the existing leadership curriculum to suit individual learning pathways.
- Brings participants together for key modules identified as required for that entire cohort, e.g. meaningful conversations for the Investment Bank cohort, business partnering skills for the Corporate Functions cohort, etc.
- Facilitator led peer coaching sets to support individual learning.

Underpinning the design was a desire to develop capabilities to be a successful leader of the future, e.g. holding various and multiple perspectives, sitting with ambiguity, recognising polarities and not needing a black and white answer. Such meaning making might be described as 'self-authoring' (Robert Kegan<sup>1</sup>). These are the people we read about in the literature who 'own' their work, who have articulated their personal theories, who are self-guided, self-motivated, self-evaluative, self-correcting. In the language of the Leadership Development Framework<sup>2</sup> this stage of meaning making is also described as a way of making meaning that transcends the socialised norms or expectations of the prevailing organisational culture – and is thus able to

break out of established ways of working or at least to see that alternatives might exist.

### **Constructivist adult development theory**

For those unfamiliar with this psychological theory, a little detour – skip to the next section if you are already familiar. The work of Jean Piaget looking at cognitive development in children will be familiar to most psychology students and anyone who has studied for a PGCE. Robert Kegan's (1982, 1994) theory of adult development built on the work of Piaget and describes the way humans continue to grow and change over the entire course of their lives. This is a constructive-developmental theory because it is concerned both with the construction of an individual's understanding of reality and with the development of that construction to more complex levels over time. Constructivist-development theory is but another way of examining differences in human beings. Most readers will be familiar with viewing difference through the lens of personality traits or types, cognitive abilities or competencies. Constructivist or adult-development theories are not concerned with differences in style or content but rather the capacity to think, feel and act differently, and at ever bigger and more complex levels of meaning making. This is not a theory about bigger being better, although there are clearly circumstances where a greater capacity for meaning making is advantageous to working and operating in complex environments, but rather simply bigger being bigger. My thirteen-year-old godson is not better than my two and half year old nephew, but he clearly has greater capacity to make meaning of what is happening around him and the thoughts and feelings he has within him.

One of our favourite phrases of Robert Kegan's is 'in over our heads' – his phraseology to describe what happens when the demands of the job (or life) outstrip an individual's capacity to make sense of what is really going on. It is this mapping of the client circumstances to the stages of adult development that provided the conceptual underpinning for the bank's programme design, identifying a 'go to' stage of meaning making that would fit with the requirements to transform and change the bank, to break out of present day paradigms.

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### Horizontal and vertical diagnostic tools

Prior to the commencement of the programme, participants completed a range of diagnostic tools. Those measuring personality traits, cognitive reasoning abilities, and behaviours observed by others on the job are probably familiar to most readers. We labelled these 'horizontal'. The addition of the Harthill sentence completion test provided the 'vertical' lens<sup>3</sup> via their Leadership Development Profile.

Having profiled the target audience and identified the capabilities required in leaders of the future, we sought to identify the optimal development interventions to support the vertical growth journey. Here we used research from the Center for Creative Leadership. Two excellent articles by Nick Petrie<sup>4</sup> identify how to create the 'primary conditions' for vertical development. These are described by CCL as:

1. **Heat Experiences** - The leader faces a complex situation that disrupts and disorients habitual ways of thinking. He discovers that his current way of making sense of the world is inadequate. His mind starts to open and search for new and better ways to make sense of his challenge. (The What - Initiates)
2. **Colliding Perspectives** - The leader is then exposed to people with different worldviews, opinions, backgrounds, and training. This both challenges his existing mental models and increases the number of perspectives through which he can see the world. (The Who - Enables)
3. **Elevated Sense-making** - The leader then uses a process or a coach to help him integrate and make sense of these perspectives and experiences from more elevated stages of development. A larger, more advanced worldview emerges and, with time, stabilizes. (The How - Integrates)

Whilst the CCL articles suggested a range of useful activities, these are not mapped to a particular stage of development. Understanding the developmental processes in play and the centre of gravity of each cohort (from the Leadership Development Profile) enabled us to use development approaches specifically targeted at the leading edge of the group's meaning making, i.e. activities which were neither already mastered nor too advanced.

We drew on this thinking in developing the overall design of the programme, a programme that included challenging cognitive, interpersonal and personal development, as well as in the design of each module. For example, design of the two-day launch module sought to identify approaches and activities which would disrupt current patterns of meaning making, show alternatives and land new meaning making with regards to how participants would think, feel and act.

### Creating the conditions for meaning making capacity growth – a summary of the two-day launch module

	Heat experience	Colliding Perspectives	Elevated sense making
Cognitive	<ul style="list-style-type: none"> <li>• Experiential challenge, addressing ability for processing cognitive complexity</li> </ul>	<ul style="list-style-type: none"> <li>• Internal and external speakers, some unconventional in IB setting e.g. Disrupter at the launch</li> <li>• Citizenship element</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitated group coaching</li> <li>• Tools input</li> <li>• Strategy module</li> <li>• Wellness input</li> </ul>
Personal	<ul style="list-style-type: none"> <li>• Experiential challenge</li> <li>• Coaching</li> </ul>	<ul style="list-style-type: none"> <li>• Activities to identify personal inconsistencies, dilemmas and paradox</li> <li>• Breakthrough conversation module</li> </ul>	<ul style="list-style-type: none"> <li>• Specific focus on personal bias, assumptions etc</li> </ul>
Interpersonal	<ul style="list-style-type: none"> <li>• Working on projects</li> <li>• Skills input</li> <li>• Complex simulation</li> </ul>	<ul style="list-style-type: none"> <li>• Practical skill development to increase ability to 'multi-track' within a conversation and surface tricky issues</li> <li>• Structured and unstructured feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Structured reflection on group dynamics</li> </ul>

### Landing learning back into the day job

The 'sense-making' post the launch module involved supporting participants in crystallising their thoughts and feelings, to reflect on the experience, the various inputs, and to formulate their own personal development pathway. As Jennifer Garver Berger identifies in 'Changing on the Job'<sup>5</sup>, artificial diary filling activity does not drive capacity building or vertical growth, so participants were asked to use a three-step frame to help identify their real 'development edge' as illustrated below. Participants carried this single overriding 'leadership challenge' into subsequent modules and the peer-to-peer coaching sessions, facilitated by our collaborators at Systemic Coaching Partners.

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Your immediate developmental steps that move you to where you want to go in a manageable way



### Outcomes and learnings

Our takeaways from deploying vertical leadership development include:

1. The CCL primary conditions lens enabled a laser like focus on the content that would best create the conditions for vertical growth and this defined the shape of the programme.
2. The importance of learning on the job cannot be over estimated. Equipping people to make step-by-step meaningful change back at their place of work ensured real learning that would make a difference.
3. Although the main focus is on vertical growth, horizontal capability building is also important to build out firm foundations. Although we identified the Self-Authoring frame of mind / Strategist action logic as a potentially helpful goal, we stressed that it is unhelpful to view development as a race to the top. People need dwell-time and the opportunity to embed each stage of development. The very Achiever<sup>6</sup> nature of many participants and of most organisational climates can mean that presented with what looks like (and in reality is) a hierarchical model with 9-stages, people will want to say, “how do I get there, fast?”
4. People will move at their own pace, you can create the conditions and support growth but it will not fit neatly into an 18-month programme. Stages of development in meaning making can take years, events may act as catalysts for growth spurts or blocks on curiosity and holding people back.

5. Meaning making applies not just to how one views the world of work, it affects how you make sense of life as a partner, parent, sibling, friend. Handle with care, treat people with respect, allow space, and support them in the discombobulating transition moments. As with any transition, people can experience a sense of loss as they move from one stage to another. Support during transitions is important to ensure people don't get 'stuck' or fall backwards.

Our client said, “*Our bank is the epitome of a large complex organisation, our industry is changing like never before. This programme is equipping our future leaders to think, feel and act in new ways to face into the future.*”

The business sponsor said, “*We have never tried anything like this. Whilst still a work in progress, the initial feedback was off the scale. Our task as business leaders is to create the supporting conditions where participants continue to grow – often in the face of considerable headwinds.*”

Mike Vessey concluded, “*At the end of each launch module invariably people were extremely fired up – ‘Mike, we’d have followed you off a cliff if you’d asked at the end of those two-days’, ‘I had a moment of epiphany’, etc. – and yet checking in with people a few weeks on, the reality of the day job meant that day-to-day conditions did not necessarily support vertical growth. The systemic support from line managers, coaches and the peer coaching sessions was vital to keep progress alive and grounded in reality.*”

### References

1. The Evolving Self, Robert Kegan, 1982
2. Leadership Development Framework
3. Harthill LDP [www.harthill.co.uk](http://www.harthill.co.uk)
4. The How-To of Vertical Leadership Development, Nick Petrie, Center for Creative Leadership, 2015
5. Changing on the Job: Developing Leaders for a Complex World, Jennifer Garvey Berger, 2011

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