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## How one financial institution approached vertical

### Context and background to the discussion

Just days ahead of MDV Consulting's breakfast discussing VUCA capabilities, the UK was stunned by the unexpected announcement of a general election. Something we were expecting no sooner than 2020 is happening within a few weeks. The VUCA (volatile, uncertain, complex and ambiguous) world does not need an introduction.

The Global Head of Leadership & Learning of a global financial institution (hereafter referred to as GFI) joined MDV Consulting and our guests at The Shard to explore what capabilities are needed from leaders to navigate the complexity and unpredictability of today's environment.

The roundtable was exploring how organisations address the challenges presented by the VUCA world and how to develop a leadership skillset to enable navigation of the complex and fast changing world we live in.

The event was attended by HR directors, talent, learning and OD leads from a diverse range of organisations and industries including FMCG, oil and gas, charities, telecommunications, manufacturing, financial services, mass media and information technology.

### Are we actually doing anything differently?

The examples of volatility felt by attending organisations were broad and included issues such as needing to cope with 58,000 pieces of legislation coming into play post BREXIT, competitor environment disruption due to new left field competitors, fast changing and unpredictable customer expectations and an increasing rate of introduction of new technologies.

A question posed by an attendee kicked off the discussion: "*while we are aware of the VUCA world, we wonder if we are actually doing anything differently?*"

The need to do something differently was posed to GFI through a strong transformational agenda that swept through the organisation a few years ago. It started by questioning what leadership in the organisation looked like and in what direction the business was headed. A number of competency frameworks that had been previously used seemed to miss important content on

what it means to be a leader in the current world, no matter how frequently these frameworks were updated. Trying to define what skills were needed for the future was impossible, when you simply cannot know what demands the future will pose. A simple, clear alternative that made sense to people was needed.

The answer was simple - to make a shift from the traditional competency model approach with a focus on horizontal skills and look at a deeper transformational capability: "*Effective leadership is not about knowing more stuff, but how things are coming together.*"

Over the last 18 months, this turned into a redesign of the organisation-wide leadership development approach. An iterative and viral approach that fostered collaboration across disconnected departments was adopted. Looking back, a number of major learning points came through this experience:

### Learning 1: Simplicity

The content was 'boiled' down to four key capabilities. GFI's Global Head of Leadership & Learning explained: "*we didn't want to be prescriptive but rather look into what capabilities does the job require.*" Even whilst each capability has three sub elements, when used in applications, the overarching messaging has been around the simple four factors.

Drawing upon the different stages of adult development as described by the Leadership Development Framework and known as 'action logics', it was clear that some organisations find it easy to use the terminology of 'action logics' whilst others prefer to adapt the language to align this with their own organisational context. GFI have interpreted what these stages look like in their specific context.

Rather than positioning later development stages as more desirable, their approach demonstrated how each stage added value to the business, as well as highlighting the potential for development. The Global Head of Leadership and Learning described the level one in the Capability Framework as being an "*engine room of the organisation.*"

To establish stronger face validity, GFI piloted the framework with a small number of leaders to make sure the approach resonated with them.

### Learning 2: Infiltration

Having started looking at the senior leadership requirement it became quickly apparent that similar issues were relevant to a wider leadership population. A pipeline of leaders with transformational capabilities was needed, requiring the inclusion of other leader populations in the new model.

Rather than imposing this approach from top down, it was decided to introduce it to small segments of the organisation using a bottom up approach. As interest peaked, the tools became requested from the business, rather than using a push or sell into the business.

### Learning 3: Easily implemented development

The Head of Organisational Development described how when introducing development opportunities around the new approach, one critical capability (Innovate) was selected to be launched as a starting point.

Working around the requirements of the end user - a busy leader - the content was broken down to easily accessible chunks. The most useful aspects around planning the delivery were:

- *Break the information down:* even 12-minute-long TED talks were considered a stretch of time - but a small chunk of information accessed within two minutes fits well.
- *Select the most appropriate delivery channel:* face-to-face delivery was still valued if the content was pitched right. Social learning, on the other hand, was not as effective for leadership development in this context. Creating opportunities for people to connect and getting people to talk about what they do rather than overthinking and designing complex social learning structures proved most effective.
- *Spend time to understand user behaviour:* an important next step will be to explore user behaviour further to understand what works best for which group of leaders.

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*"Only HR people went to the social learning portal..."*

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### Learning 4: Owned by the organisation and not HR

It was recognised that the most effective way to integrate a new leadership framework is to drive desire from the leadership and business units with HR becoming 'marketers' for the product.

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*"What are the future skills we need to develop? Who knows!"*

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### The approach underpinning VUCA capabilities

Key vertical development theories describe individual development occurring along three core strands: the conceptual, interpersonal and intrapersonal.

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*"How can you take theory and apply it to create a bespoke approach, fit for your context?"*

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This weaving together of the key theories underpinned the approach to developing the staged GFI model and also the more generic MDV VUCA Capability Framework. The MDV Framework links these key adult development theories into a simple and coherent structure that can easily translate VUCA capabilities into organisational context.

Karen Ellis described how the story started for her by bringing the best of these theories together, to inform the MDV VUCA Capabilities model.

These three strands informed the creation of five capabilities that describe what post-conventional leaders do to navigate complex environments and bring others along with them.

These are:

1. Promoting inquiry
2. Connecting creatively
3. Nudging systems
4. Surfacing dilemmas
5. Cultivating resilience

These capabilities are staged and can be supported and developed using a range of tools and practices in a configuration that is tailored to suit a range of individual needs.

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## Next steps to consider

In the discussion that followed several pointers emerged for designing and deploying vertical approaches in what for most are fairly conventional organisational systems.

### Flexibility within the framework

Looking at the model as a work in progress, rather than a finished product, allows flexibility and alertness to an ever-changing environment. Allowing a degree of freedom within a framework works to create a collaborative conversation rather than imposing rigid criteria.

### Vertical development as job enrichment

For cultures where hierarchical promotion is highly valued, but flatter organisational structures hinder this, vertical development gives an enriching development and experiential journey.

### Succession planning

Using vertical development as a succession-planning tool offers a realistic and credible approach that will ensure people are promoted based on their capacity and readiness to navigate the complexity of more strategic roles. It provides much deeper and robust conversations, allowing internal mobility and lateral moves.

### Culture encouraging strategist capabilities

The action logic capabilities of a 'Strategist' are often seen as making those individuals 'highly effective change agents' for organisations experiencing change, volatility or turbulence. The Strategist's ability to take a whole system perspective and create a shared vision, has been shown to help corporate transformations, measurably improving profitability, market share and reputation<sup>1</sup>.

It was discussed that the prevailing conditions in many organisations are still orientated towards the 'Achiever' action logic, rewarding more immediate goal oriented objectives. Strategists may as a result feel the culture uncondusive to the way they work, raising the risk of losing these individuals in search of more fulfilling work elsewhere. The organisational system needs to promote a culture which values the diversity of different

development stages, from Experts, as the 'engine room' through to the post-conventional leader required to drive transformation.

### Introducing a vertical capability framework - breaking old paradigms

Some apprehensions about introducing a conceptually new approach into a conventional organisation were raised. Where traditional leadership development approaches established a degree of comfort within a leader's own position around horizontal skill acquisition, people might feel threatened. As one participant put it, *"when someone believes they were top of the mountain, it is a hard landing to be told they're only halfway up."* As with the introduction of 360 degree feedback 10 or 15 years ago, in what was seen as a new approach, there will be some people who will instinctively see the value of vertical and others who won't.

Unlike traditional horizontal skills development, vertical development is often described as directional but not linear, encouraging consideration of a centre of gravity rather than exact development stages. Therefore, leaders can have trailing edges in a number of capabilities whilst maintaining leading edges in others.

## Conclusion

Whilst the value of the vertical development approach as a response to the new reality in which we live was clear, how we as HR professionals translate the approach into meaningful practices in our organisations is key to creating those transformational minds and the space in which to thrive.

### References:

1. David Rooke, William Torbert, (2005) Seven Transformations of Leadership, Harvard Business Review 04.

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