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## The 3D vision of vertical assessment

Just 24 hours after triggering Article 50 what could be more appropriate than a roundtable to discuss how to assess the capabilities needed by our leaders to navigate these uncertain times? That was the topic deliberated by HR, talent and resourcing leads from major UK companies at a breakfast hosted by MDV Consulting on 30th March.

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### Current Challenges

Attendees representing financial services, energy, telecoms and fin-tech businesses, UK conglomerates, law firms and industry regulators emphasised just how volatile, uncertain, complex and ambiguous (VUCA) their worlds currently are:

- Disruptive competitors from all directions
- Ultra-fast pace driven by technological advancements
- Saturated and stalled markets driving the need for new product innovation
- Political changes impacting upon the strategic direction of regulators and regulation in most aspects of business (eg new senior manager regime)
- Rapid growth through acquisition and the resulting integration of significant numbers of different organisational cultures and structures
- Inflationary price increases of raw materials caused by the fall in the value of Sterling
- Entry into new geographies with very different societal and business cultures
- Volatility of oil prices driving changes in structure and business approaches
- Introduction of the 'National living wage' adding significant sums to salary bills and the resulting pressure to sell greater product volumes just to stand still
- Changing skills requirements and pricing decisions of professional services firms in order to keep pace with their clients' challenges

And these issues were just a selection. No wonder then that Mike Vessey, Managing Partner of MDV Consulting summarised by saying, *"Mind blowing! This level of disruption is forcing a different conceptualisation of what it means to lead today."*

Mike explained that MDV's journey to that morning's event had started two years before with clients saying they needed leaders with different capabilities to respond successfully to disruption – *"leaders who could transform their businesses rather than just leading and managing as they had been doing in the more steady state world."*

Companies have been working with competency and trait-based frameworks for 30 years but this volatility is driving the need to 'look beyond behaviours' to identify the underlying capacity of a person to cope with unprecedented change and ambiguity. In a more steady-state world it was possible to identify the behaviours required to lead. An unpredictable world requires a sense of what is going on and to shift behaviours rapidly.

Mike explained that an exploration of constructivist development theories showed how adults continue to develop in stages and highlighted the value of sense-making in a leaders' ability to navigate VUCA environments successfully. Initially this technology and thinking has been used in leadership development. However, it has now become clear that a different paradigm is also required in how companies assess and diagnose leaders' sense-making capacities.

Carol Jenkins of MDV Consulting explained how experts from MDV are incorporating the assessment of underlying capacities alongside the more traditional trait or behavioural leadership assessment.

She explained the three interconnecting strands contributing to a leader's sense-making capacities and how these develop as people transition through later development stages:

- **Conceptual** – how people make sense of increasingly complex information and as they develop, moving from thinking only in a linear way, to being able to identify patterns across multiple interconnecting lines of thought and even building their own conceptual maps to create clarity.
- **Interpersonal** – how people navigate increasingly complex webs of relationships and transitioning from being clear on their own views and those of others, to being able to see situations from a wide range of different but interconnected viewpoints.
- **Personal** – how a person self-observes, developing from being aware of their own strengths and styles, to be able to observe themselves in different conditions and learn how to manage their own emotional states.

Carol emphasised that assessing behaviours was still important - leaders still need to be able to make decisions, lead teams, influence and communicate, etc. However, assessing for vertical capacities gives a much valued additional insight or dimension.

Carol talked through the approach MDV uses to carry out vertical assessment and how MDV's existing lifecycle interview script had been adapted to probe for vertical capacities alongside the traditional behaviour or trait evidence based answers.

Guests enquired how the assessment shows the vertical capacities in play in an interview. Carol explained that whereas behavioural interviews typically focus on the content of evidence provided, vertical assessment also considers how an individual frames and structures their responses.

#### What next to encourage different capacities?

Attendees discussed how their organisations are already reacting to identify and develop the different leadership capabilities they need to cope with volatility and uncertainty:

- **Developing vertical capacities in wider talent pools** – some organisations are applying vertical assessment and development to a wider pool of talent to ensure senior leaders are selected from a pool of those

already on a development pathway of transitioning to later stages.

- **Culture fit** - when assessing individuals to join their organisations, an early sifting aspect is often cultural fit in an attempt to inhibit the difficulties experienced in transitioning to different organisational cultures. Carol discussed the value of using vertical assessment to identify those individuals with a more systemic view of an environment and an ability to anticipate rather than simply react to differences in culture.
- **Personalised experiences** - highly personalised career maps, job experiences and development interventions to facilitate different experiences and conditions promoting the development of trailing edges as encouraged within Nick Petrie's Center for Creative Leadership paper 'Heat Experiences', 'Colliding Perspectives' and 'Elevated Sense-making'.
- **Zig zag career maps** – providing career paths which move individuals sideways to gain a greater breadth of different job experiences rather than just linear progression.
- **Reverse mentoring** – establishing schemes where young people mentor senior management with the aim of accelerating the ability of the senior leadership to look beyond their traditional perspectives.

#### Engaging with a conventional audience

A significant amount of discussion revolved around how to introduce seemingly new technologies or even the concept of 'vertical' within risk averse and conventional organisations. As Mike Vessey explained, as the majority of UK leadership is not operating at the later stages of development, the challenge is to introduce something not well understood - in other terms, "*How do you rock the boat and stay in it?*" Attendees agreed that a helpful way was to translate the objectives and approach into 'business' language and avoid talking too much theory.

To aid this, attendees understood that their internal audiences would want to know:

- The validity of the approach
- Whether vertical assessment might include inbuilt gender or cultural bias
- How vertical assessment correlates with personality trait assessments
- Whether organisational environment impacts on performance at varying development stages.

We asked our expert members of the MDV Research and Innovation Alliance to comment on these queries. Among their views were:

- **Validity** – One of the interesting things about the adult development theories is the degree to which they refer to similar patterns and impacts. Despite differences of emphasis – and this is among the reasons why MDV is working with more than one approach within the overall theory base – the constructs seem sound. A variety of papers and studies exist addressing matters of reliability and validity, particularly where measures are involved, which MDV is updating and collating at the moment, for ease of reference. For MDV purposes, the theorists we are particularly attending to are Otto Laske and Elliott Jaques in relation to the 'Conceptual' strand, Robert Kegan for the 'Personal' and Jane Loevinger and Suzanne Cooke-Greuter in relation to the 'Interpersonal'. There is then, of course, all the same concerns of reliability and validity for assessment processes generally. The process of a structured interview undertaken by specifically trained assessors using a standard assessment script and with peer calibration extensively incorporated is known to improve reliability and validity. Finally, individual companies always need to undertake a monitoring process to know that their assessment and development processes are performing correctly for their needs.
- **Cultural or gender differences** – It is not really possible to claim that any form of assessment process conducted by human beings is going to be entirely free of a variety of influences, including those of gender and culture. Again, a variety of studies have been undertaken. Other sorts of bias are also potentially available – for example, is there an age effect? It may be true that younger people may have less work and life experience to draw on, however, the range of experiences and the ability to reflect on them for learning and development, is not a simple correlation with age. Younger people can be later stage too. We also know that it is possible to have lots of life experience and not reach later stages.
- **Relationship between stage and traits** – MDV has not yet seen any evidence for a clear correlation with the traditional Big Five personality dimensions. One interesting study, while finding no correlation with the Big Five, endorsed earlier findings of some predictive validity for developmental stage in relation to role success. MDV's initial hypothesis was that some traits may facilitate (Openness) or inhibit (Neuroticism) development but this has not been proven as yet through research, although the research is not extensive. Stage and traits seem distinct facets of a person.
- **Transitioning into new organisational cultures is difficult for most leaders** – a leader who has performed brilliantly in one environment is often seen to struggle when moving into a new role. During the discussion, Carol had talked about individuals at later stages of development who had an insightful view on what had helped and hindered their performance throughout their careers. This insight enables those individuals to not just flex to different environments but to understand what is actually different about the culture and how they could best respond to this. The hypothesis is that a person draws upon their greater capacity to take a systemic view in different environments, enhancing their ability to perform in a new environment more successfully.
- **Selling to sceptics** – the theories that underpin vertical assessment are not new, some have been well documented for over 40 years. What is new is the packaging of such approaches so as to be of use in the business world.

Guests discussed the idea that vertical assessment supports 'disruptive diversity' by encouraging different perspectives and approaches within an organisation. As Nelson Mandela once said, *"A good leader can engage in a debate frankly and thoroughly, knowing that at the end he and the other side must be closer and thus emerge stronger."* Many organisations recognise this and are already subtly attempting to engineer this all-encompassing perspective taking into their organisations by the career pathing and development methods discussed earlier in this article.

Assessing for vertical capacities is not contradictory to what is happening currently but gives additional insight over and above the usual vision into a person, ever more crucial to get the right person into the right role amongst the disruption of today's business world.

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The MDV 'Research & Innovation Alliance' is a collaboration of vertical and leadership development and assessment experts, who are together creating a leading-edge, client focussed approach for vertical. Their work encompasses the leading theorists and models in the vertical field.

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