



Leadership assessment for uncertain times

Our modern world is becoming ever more complex, uncertain, and changeable. Our clients are increasingly telling us that their existing business models are being disrupted – by new technologies, by ‘left field’ market entrants, by changes in regulation, uncertainties due to Brexit, etc. For leaders in these unpredictable times, providing clarity of direction is becoming much more difficult. If we cannot predict what the future organisation will look like, how can we define with any certainty the leadership models that may be needed? In the turbulent and rapidly changing business environment that has become the “new normal”, we need a new conceptualisation of what it means to lead.

And for a new idea of leadership, we need a new approach to leadership assessment. We need to be able to measure not only the usual styles, traits and intellectual capabilities, but also the way individuals make sense of information, relationships and the world around them.

Often unrecognised, these sense-making processes or ‘capacities’ underlie the structure of individuals’ thinking, relating and acting, characterising their worldviews and patterns of action. They have a profound impact on leadership approach and capability because they affect where individuals place their attention, the inferences they draw and, crucially, the actions they take. These capacities have the potential to become more complex over time, as individuals move through a number of stages of development. Over the last five years, MDV Consulting has been exploring this field of developmental psychology, also known as constructivist-adult development and more popularly ‘vertical development’ and we have been making it an integral part of our practice. In today’s world, we believe it is a critical addition to our understanding of individuals’ capabilities and gives organisations a competitive advantage by creating more agile leaders.

The ideas from theorists such as Robert Kegan, Eliot Jacques, Otto Laske, Jane Loevinger, and Susanne Cook Greuter are not new. It is what is now demanded to lead today which is requiring leaders to grow beyond what was

previously sufficient – to develop psychologically further than before to alleviate the anxiety caused by 6 billion humans now interacting almost in real time.



What is Adult Development Theory?

The concept of Constructivist Adult Development brings to light that in the same way children mature through predictable stages, thinking, relating and acting in more sophisticated ways, adults also progress through a series of development stages in how they make sense of, think about and interact to organise the world around them. However, unlike the automatic development of a child, an adult needs to work at transforming their underlying capacity to continue to move through these developmental stages. In addition, certain conditions and life experiences have been found to aid and accelerate this transition.

Looking beyond what we are, into what we can become

At MDV we clearly see the benefits of complementing traditional approaches to leadership assessment.

Traditional assessment approaches examine traits, competencies or behaviours. These define the skills, knowledge and personal qualities needed to perform ‘business-as-usual’ leadership functions in the steady-state predictable world. They help to ensure alignment of people with business strategy through selection, performance management and development.

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However, in today's fast-moving environment we know that behavioural competencies can quickly date and become redundant. So in addition to looking at the behavioural competencies, we also need to look to the more transformational capacities – an individual's ability to make sense of complexity, navigate complicated relationships both within and outside the organisation, and manage their own reactions to uncertainty.

A useful analogy is to think of your smartphone – building competency is like adding new apps; increasing the breadth of skills that allow you to successfully perform different functions. But building capacity is like upgrading the underlying operating system, making the phone capable of doing more than it could before.

A distillation of the best theories, points to three interconnected strands of Conceptual, Interpersonal and Personal under which are four key capacities which help describe a person's evolving thinking and being:

Conceptual

- **Complexity Processing** - the person's capacity to interpret all the information coming towards them in a situation.
- **Fluidity of Thinking** - how a person constructs different and new ways to think about problems or situations.

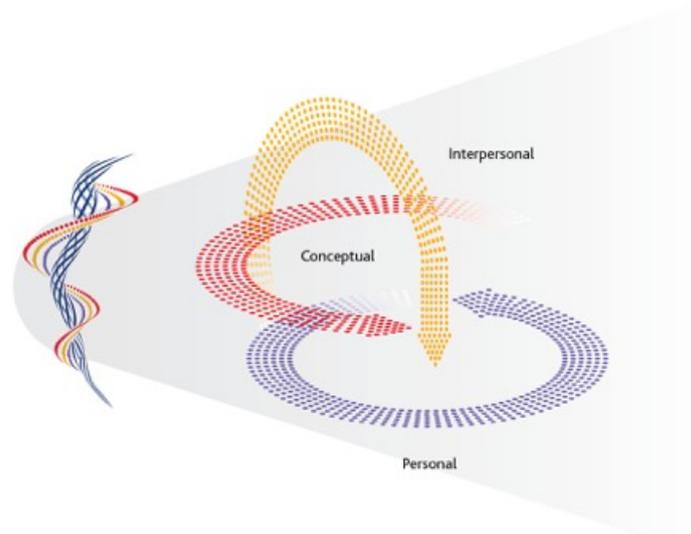
Interpersonal

- **Perspective Shifting** - how the person shifts perspective to understand different views, understands their own assumptions or biases.

Personal

- **Self-observation** – how the person understands and manages their own emotional and relational patterns and how they are affected.

If you're not looking for these underlying capacities in your leadership assessment, you could be missing a significant facet of individuality that's often hidden. If concerned with identifying the right people for the right roles, we believe the time has come to consider the field of adult development and the new dimensions this unlocks.



MDV's approach to capacity building assessment

We have always adopted a distinctively holistic, developmental approach to assessment, whether for selection, promotion or talent identification:

- **Inside out** - Rather than assessing from the outside, 'clipboard and stopwatch in hand', we get close to the individual and work from the 'inside out' in a person-centric manner. What that means is that we help people reflect on their own unique experiences and patterns of behaviour. We help them identify core underlying characteristics, capacities, values and drivers, and to reflect on what has served them well in the past, what will help them realise future aspirations, and what is at risk of being overplayed.
- **Holistic view** - Rather than dissecting people into a series of separate component scores, scales and competencies, we work with individuals to develop a holistic understanding of what makes them distinctive as leaders. This enables us – and them - to gain powerful insights into performance and potential.
- **Engaging experience** - Developmental assessment is something we do with people, not to them. We work in a transparent and relational way, encouraging participants to open up and engage in self-exploration and to focus energy and attention on accelerating their self-development. This experience sparks participants' internal drive to develop – participants are left with the insight, motivation and wherewithal to address their own challenges – hence the developmental aspect.

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Our core approach is the lifecycle interview, which we sometimes refer to as a 'DNA interview' as it gets to the essence of the individual. The interview typically also incorporates insights from various psychometrics.

In interviewing for underlying capacities, our assessors not only look at the **content** of a candidate's response, but are also specially trained to identify nuances in the way a candidate **structures** his or her thinking, giving insights into their sense-making processes across the conceptual, interpersonal and personal domains. Depending upon the context of the assessment, we can also include the option for using additional tools such as the Cognitive Process Profile, a powerful measure of cognitive complexity.

The added value vertical assessment brings to decision making

Illustration 1: External selection

MDV Consulting was asked to assess three external candidates to help with the selection decision for a head of function appointment. All had the technical and professional background needed, but the hiring organisation was keen to explore the possibilities each could bring to a function that had been run in the same way for many years.

From our developmental assessment approach, one of the candidates emerged as operating at a relatively early stage of adult development. His core mindset was that of a technical expert, making sense of the world through a view that there is a 'correct', best practice approach to be followed. Aligned with this, he was highly methodical, cautious and had a strong concern for getting things right, preferring to work within tried and tested, established parameters.

The second candidate was at a slightly later stage of development, but still operating in what is referred to as a 'conventional' mindset. Particularly in the Personal domain, her dominant way of making sense of the world was through meeting expectations – those placed on her by her role, her need to maintain her reputation, and her personal high standards. Action-orientated, she tended to focus in on what was achievable within her own area of influence, with a

more limited awareness of wider possibilities.

The third candidate emerged as clearly 'post-conventional', showing later stages of development in his underlying sense-making capacity, particularly in the Conceptual domain. Able to step back from immediate issues to consider multiple interconnections on a broad scale, he could envisage the implications of decisions in their widest context. He could navigate ambiguous situations with clarity, identifying opposing tensions and their interplay while still being able to arrive at confident conclusions.

The organisation was faced with a choice – hire the best practice expert, the dynamic achiever, or the post-conventional thinker? They decided the third candidate showed the most potential to develop the function's contribution to the future of the organisation in a changing external environment.

Illustration 2: internal promotion

We assessed a number of candidates for internal promotion in a professional services organisation. This group were all similar in terms of age and experience, all identified as strong performers and all demonstrated high levels of intellect and technical expertise. However, when we looked at sense-making capacity, we were able to find a wide range of differences.

In the Conceptual domain, candidates at earlier stages in their adult development tended to be restricted to the perspective of their own professional expertise, seeing issues in straightforward terms – for example, conceptualising a narrow and direct cause and effect relationship between providing the right advice to their clients and the future success of their firm. In contrast, candidates at later stages of development were able to hold in mind a much broader context, noticing multiple parallel influences – such as political, economic and market change - and seeing links between them. They were able to project their thinking forward and speculate on the significance of various outcomes.

In the Interpersonal domain candidates at earlier stages in their development tended to view relationships simply in terms of the characteristics of individuals or

groups, recognising the existence of other points of view but with limited insight. At later stages, candidates were able to perceive much more complex webs of interpersonal dynamics, recognise the multiple perspectives and mutual influences at play, and navigate their own interactions within those.

In the Personal domain candidates at earlier stages recognised some of their own development needs, identifying skills they would need to improve in order to be more successful. However, candidates at later stages of vertical development showed much more self-awareness. They were able to identify their own personal drivers and complex patterns of emotions, monitoring and managing their own unhelpful responses.

Each of these individuals had their own set of distinctive abilities and styles and each could have brought different strengths to a leadership role. But which would have the potential to successfully navigate their firm through an unpredictable future?

Context is everything

Having assessed a person's underlying capacity, it is apparent that the context of the business environment in which the individual or role operates is key. In a steady-state environment where strategy and objectives are clearly defined, the skill-sets consistent with earlier stages of human development can be highly successful. The bounded, predictable conditions make it possible for individuals to set out effective plans, develop best practice and apply expertise. However, in an unpredictable and complex environment where what has gone before is no predictor of the future, someone with a later stage mindset will have conceptual, interpersonal and personal capacities to better cope with complexity, uncertainty, ambiguity and volatility.

Development is ongoing

Our assessment experience shows us that developmental stage is not fixed. Capacities do not equate to IQ, age or experience, or to particular personality styles; they are something qualitatively different. As we have found, people of the same age, with similar training in the same

firm can show significant differences in terms of stage. We can all continue to develop our capacities, and when assessing, it is also useful to understand both the leading and trailing edges of individuals between development stages and across each of the aspects of Conceptual, Interpersonal and Personal domains, and consider these in the context of the role.

An understanding of capacities helps us, as assessors, to look beneath the surface to see the potential in these individuals. In each of our illustrations, the clients could have chosen any one of these individuals for the roles or opportunities on offer. Each would bring different strengths as a leader. Our expanded assessment however, gave additional insight to understand the potential of each individual to perform in more complex and uncertain conditions - insights above and beyond those offered by traditional methodologies. Interest in adult development theories has been gaining much traction in the recent years, not least as organisations realise that the approaches of adult development can assist with navigating a more complex world. Our contention is that not only can we use these technologies in leadership development but the time has come to ensure a better person-job requirement fit in the first instance in the hiring, placement and deployment of talent.

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