

Leadership Best Practices Study: *Differentiators of Top Performing Leaders*

The role of the leader has never been as important or demanding as it is today. Leaders at all levels must deliver consistent, sustainable results in leaner organizations and get things done day to day with fewer resources.

There is an increased emphasis on engaging employees and demonstrating high levels of productivity in an increasingly complex and changing business environment. Leaders must also ensure that the right people are in the right roles with the right skills in the right organization/culture.

An understanding of which competencies make the difference in a leader's effectiveness and the extent to which this varies by level and industry is necessary to help organizations prioritize their efforts to ensure that the initiatives they put in place are high impact, and yield the greatest return on investment.

To help shed light on the competencies that differentiate top performing leaders, data was collected on the managerial effectiveness of 622 leaders across organizations including government agencies, non-profits, multi-nationals, *Fortune* 500, and *Fortune* 1000 organizations*. The results of the study point to three key findings:

- 1. The ability to build trust and demonstrate personal accountability is the foundation for leadership success.**
- 2. Exceptional managers, regardless of level, also demonstrate competence in three other core skill areas—action orientation, building teams, and critical and analytical thinking.**
- 3. The ability to execute plans and initiatives effectively is the hallmark of an exceptional manager.**

1. The Ability to Build Trust and Demonstrate Personal Accountability is the Foundation for Leadership Success.

The study suggests that building trust and personal accountability – *keeping promises and honoring commitments, accepting responsibility for one's actions, communicating honestly - is a critical area for managers at all levels to master*. Of the 46 competencies studied, this competency was the only one that:

- Was among the highest rated for exceptional managers *and* the lowest rated for average managers
- Was among the top strengths for exceptional managers *and* was among the top development needs for average managers.
- Had the greatest gap between exceptional and average managers.

Moreover, building trust and personal accountability was found to be critical across industries. In the industry segments studied - pharmaceuticals, healthcare/medical, manufacturing, financial services,

and insurance - building trust and personal accountability was among the top strengths for exceptional managers in all of these industries.

Implications

While the ability to build trust and demonstrate personal accountability may seem fundamental, its impact cannot be underestimated. Numerous studies have shown that increased accountability leads to enhanced team performance: team members rely on each other more, experience more success, and express more satisfaction with the members of their team.

When a leader fails to take accountability for his or her own actions, this often trickles down to other members of the team, leading to a “culture of blame,” where trust is eroded and finger pointing and avoiding problems becomes the norm.

To what extent is a lack of accountability a problem in today’s organizations? In another survey of over 400 senior and mid-level leaders, 40 percent report that employees in their organizations are not being held accountable for results and 20 percent report that managers in their organizations do not deal with poor performers*. It also appears that the presence or absence of accountability in an organization makes a difference – ***77 percent of leaders in top-performing organizations report that “employees at all levels are held accountable for results” compared to only 44 percent in less successful organizations****.

The extent to which high levels of trust and accountability are part of an organization’s culture is impacted and shaped by direct managers. ***The ability to build trust and accountability is a skill that can be learned and honed.*** The study shows that having excellent technical or functional skills or innate intelligence does not compensate for a failure to master this aspect of management.

When it comes to assessing effectiveness, competence in this area seems to be just as important as intelligence, functional knowledge, and technical skills. Organizations that ignore the development of what some would consider a “soft” skill are missing the opportunity to build well-rounded managers and positively impact organizational performance.

2. Exceptional Managers, Regardless of Level, Demonstrate Competence in Three Additional Core Skill Areas.

In addition to building trust and personal accountability, the study found three core competencies that differentiated top performers across levels - first-line manager, manager of managers, and functional manager. They are:

I. Action Orientation - maintaining a sense of urgency, acting decisively to implement solutions and resolve crises.

II. Building Teams - encouraging cooperation and coordination, facilitating information sharing among individuals.

III. Critical and Analytical Thinking – applying sound reasoning, understanding the implications of data/information.

Research shows that ***the best leaders are able to balance the execution-orientated practices with the interpersonal practices required to build strong relationships.*** Because these competencies appear

to be essential for top performance at higher levels, as well as for managers of individual contributors, *failure to develop them early in one's career may impede the ability to succeed at the next level*. Organizations would do well to devote equal time and resources to these aspects of management – and to help leaders develop these competencies early in their careers.

Implications

Unfortunately we often hear about senior leaders who have been promoted but have not developed the necessary competencies along the way. Because these competencies are of critical importance, both formal and on-the-job training should be targeted for first-line managers to ensure they develop these skills early in their careers.

Being proactive about helping new managers develop these skills early in their careers will help build a strong pipeline of managers who are prepared to make the transition to the next levels of management and take on additional responsibility.

3. The Ability to Execute Plans and Initiatives Effectively is the Hallmark of an Exceptional Manager

The exceptional managers in the study received substantially higher ratings in areas related to execution – action orientation, problem-solving, and decision-making. Competence in these areas appears to set the best apart from the rest.

The research also found that the competencies of action orientation and flexibility/agility were two of the three competencies that differentiated top performance across industries (building trust and personal accountability was the third). This further emphasizes the importance of a leader's ability to effectively execute plans and initiatives while adapting and responding to a constantly changing business environment.

Summary

The three core competencies identified as the factors that set apart exceptional leaders, regardless of level – building trust and personal accountability, building teams, action orientation, and critical and analytical thinking – reinforces the idea that leaders must be able to balance execution with the interpersonal side of leadership.

Failure to master the fundamental skill of building trust and demonstrating personal accountability early in one's career may be one of the top derailers for a leader.

*On-Point Consulting Research