

Developing leadership for business transformation

Successful business transformation requires leaders who are effective in six key areas: Strategic alignment, customer centricity, leading teams, operational excellence, personal leadership, and system-mind set.

This paper outlines the process of business transformation, six leadership areas attributed to effective business transformation, and Leadership Development Centre's (LDC's) analysis of leadership capabilities across the New Zealand public sector, and suggests the types of experiential development for leaders to progress in each of those areas.

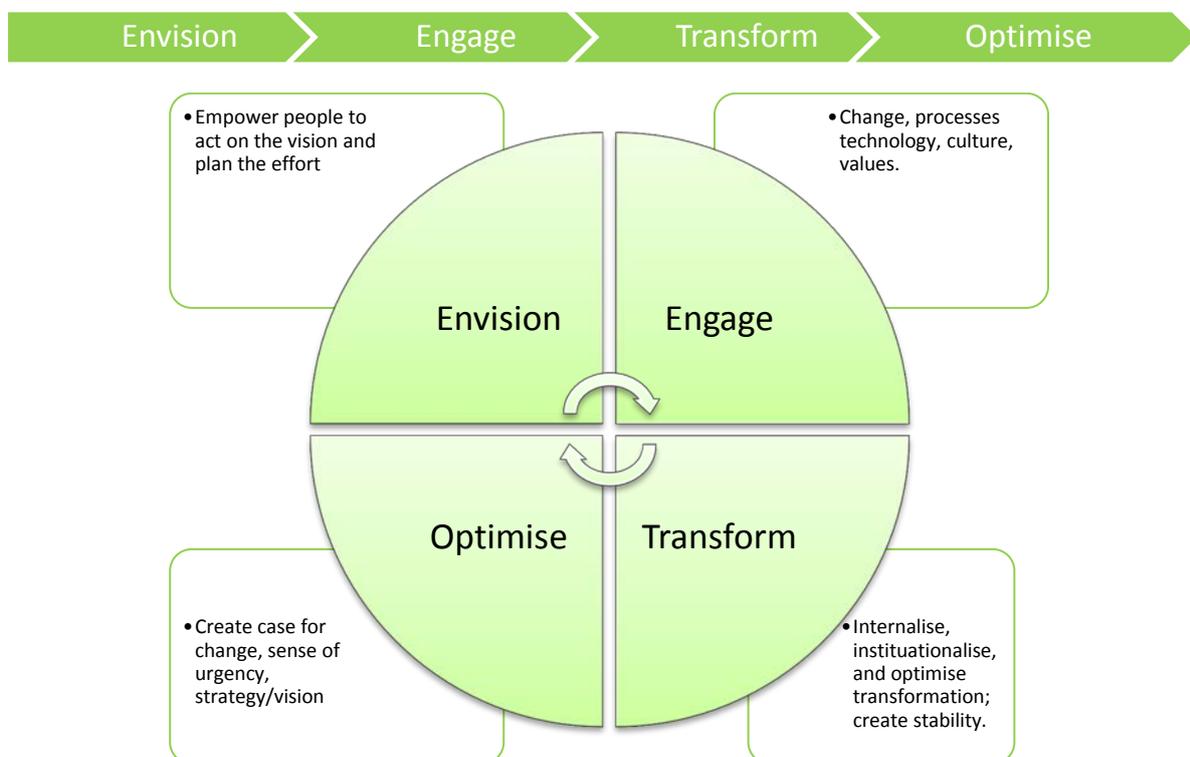
A recent analysis of senior leader individual development plans and the LDC's Assessment for Development outputs indicated that the attributes that enable the leadership of business transformation were common development priorities for senior public servants.

The Government's increased emphasis on delivering Better Public Services sees senior leaders now recognising the importance of finding different ways of providing effective and efficient services to New Zealanders and New Zealand.

Business transformation for the New Zealand public sector could be a potent mechanism to deliver Better Public Services with a greater focus on the customer and more purposeful collaboration between public sector agencies and other sectors.

Business transformation

Business transformation involves an organisation changing the way it conducts business to grow, adapt and meet changes in the environment. It will typically involve a change in strategy, operating model, people, technology, policy and processes. There are many models of business transformation, and most can be summarised into four stages:



Adapted from: Business Transformation Management Methodology, Uhl and Gollenia (2012).

Leadership attributes required for business transformation

The numerous leadership qualities attributed to enable effective business transformation can be grouped into six broad areas that encapsulate a number of more specific competencies, skills and attributes. These are:



Business transformation requires leaders to understand and act beyond their immediate functional responsibility, or sphere of influence.

Because the flow-of-change experienced in business transformation affects all parts of the organisation, leaders must understand their organisation as a system.

Proficiency and leadership skill in one of the key areas is valuable to an organisation, however effective business transformation leadership requires a balance of attributes, which can be developed through a broad range of experiences across an organisation's different functions.

Developing public sector leadership capability

The leadership capabilities across the New Zealand public sector

LDC's analysis of leadership capabilities across the New Zealand public sector suggests that the capability profile of our senior leaders is dominated by individuals with deep technical expertise skills. These leaders have high intellectual leadership capabilities and can form strategic models, however not all have the ability to convey strategy in a way that inspires others. Fewer still, are the number of senior leaders who have strong strategic abilities combined with recognised strengths in the areas of operational excellence, customer centricity and system mind-set.

Experiential development in operational areas

Formal methods of development, such as classroom training and seminars, are known for imparting technical information to individuals. But it is experiential development that has been shown to be the kind of learning that makes a huge difference, where learning takes place from the actual experiences of doing a job. Experiential development provides a context-rich and real-time learning environment that builds capability in multiple areas.

Experiential learning in an operational function provides the risks, challenges and opportunities that form the foundations for many capabilities, including personal and interpersonal development, team

building, customer focus and continuous improvement. The breadth of basic leadership skills can be practiced in this environment; however the opportunity to work in this function also provides leaders with significant experiential development through their participation 'at the coal face'.

Operational experience provides a leader with a unique perspective on the business, its strategy, and how the different elements combine to impact the customer. From knowledge comes insight, and in these situations other leadership capabilities are also honed.

Leader-led development

It is important that development is conscious and deliberate, and should be leader-led. A leader developing these attributes is best served by their own manager's feedback and coaching. These conversations ensure that a higher level of consideration and reflection is carried out, and the opportunity is not squandered on just 'getting a job done'.

Leadership development represents change at a personal level and every support mechanism, including the reporting manager, that is aligned to this increases the efficacy of the change.

Experiential development for business transformation leadership

Greater importance should be placed on the active development and support of leaders earlier in their career, particularly when they are in operational roles that have a wide array of leadership challenges and opportunities. In light of this, LDC created the 'Leadership Link' programme, which is a cost-effective, experiential learning programme where participants gain intensive, practical experience in another organisation or context to challenge and stretch their leadership skills.

While not everyone will be able to move to an operational role, similar experiences that occur within and across organisations can be identified for a developing leader to take part in.

LDC provides a number of cross-agency Action Learning Groups (ALGs), and coordinates other inter-agency development opportunities to grow the broader leadership skills required for effective business transformation. In addition to this, we suggest the following experiential development (see over, page 4), which can be built into a leader's individual development plan, so that real-world learning can take place:

Strategic alignment

- Ask the leader to:
 - present and critique the strategy of a business unit unfamiliar to them
 - research a new product or service and create a business plan for it
 - join a governance body and provide updates on its progress and decisions
 - work on forming a joint venture or cross agency partnership with an outside organisation
 - shadow or facilitate a leadership team 's strategy session

Customer centricity

- Ask the leader to:
 - work alongside front line managers
 - undertake a quality assurance exercise of a process, product or service
 - propose a new process, product or service based on frontline feedback
 - apply a continuous improvement methodology to an existing process, product or service

Leading teams

- Ask the leader to:
 - lift the performance of an underperforming team
 - build a team from scratch
 - create a cross agency team to tackle an issue
 - manage a team outside of their area of expertise

Operational excellence

- Ask the leader to:
 - work alongside a team planning the roll out of a new product or service
 - lead the translation of a business strategy into an operating model
 - manage the purchase of a major product or system and/or review its implementation
 - manage a team that has an expanding scope of operation and responsibilities
 - lead the restructure of an operational business unit

Personal leadership

- Ask the leader to:
 - take on an issue that is tough or perceived as 'undoable'
 - resolve a conflict between two areas
 - lead without authority in an environment that is not familiar
 - manage a dissatisfied internal or external customer

System mindset

- Ask the leader to:
 - identify opportunities to work with other agencies to simplify a process, product or service
 - review an internal area where there are known inefficiencies and identify the components involved
 - identify business areas that are likely to be affected by future digital transformation