



**SWP 4/88 ASSESSING TOP EXECUTIVE
PERFORMANCE**

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Outline Brief

This brief paper outlines certain preliminary findings from an action research analysis of senior executives in four organisations.

A far more comprehensive survey examining effective performance for top level executives is currently being planned by the Executive Development Centre researchers. It is envisaged that a comparative survey of top teams will take place contrasting the skills and job-related behaviours of European, American and Japanese executives.

Anyone interested in contributing to the survey, or simply requiring further information, please contact

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We wish to thank Northern Telecom for supporting the Executive Competencies Research Programme at Cranfield School of Management.

EXECUTIVE PERFORMANCE AND TEAM SUCCESS

Identifying criteria for effective senior executive performance is a new area of study. Our work at Cranfield has indicated the importance of personal style, attitude and personality in determining what makes for a successful or unsuccessful executive. We have identified 2 *key drives* and 4 *implementation skills*.

The Drives. What drives people to do what they do? The drives of shaping the future and executive values provide the stimulus for success. These 2 in combination shape the attitudes, behaviours and perceptions of each key executive in determining what he wants to do, the people he employs to work with him, and how the person implements his ideas.

- (1) Shaping the Future. Each executive holds a view concerning the future of the organisation and likely future trends in the marketplace. Some executives may foresee considerable changes. Others may wish to preserve the status quo, perceiving that the organisation is structurally, financially, product and human resource-wise able to meet challenges. It is important that a consistent and coherent view is obtained from the top executive team concerning the future of the business. Sometimes termed as *vision*, clarity concerning the future and how to shape the organisation, and each executive's expectations concerning the future, is identified by each senior executive's ability to express that view in detail. Generally foreseeing is not enough. Being able to foretell what will happen and what the organisation needs to do

is crucial in terms of allocating resources and building trust and commitment from the levels below.

Not all senior executives need hold the same view about the future. Considerable problems can arise if differences of vision emerge amongst the members of the top team.

- (2) Executive Values are those fundamental views each executive holds concerning how the organisation should be managed, how people should be handled and in what way, and with which other executives the individual more easily identifies. Each executive's values, we have discovered, are the key to really determining success. It is possible to extrapolate whether policies will be consistently pursued by examining whether the members of the management team identify with each other and the policies they generate. Coherence and consistency of direction are personal attributes which can be identified by analysing the different personalities in the team. Seven key values have been identified:

- (a) Business achievement oriented - emphasis is on external markets, sensitive to customer needs, value market performance, profitability and customer satisfaction, often characterised by high energy and high drive. Individuals with market oriented values readily identify with concepts of effectiveness, but may pay little attention to internal administration, order and internal organisation issues.

(b) Organisation oriented - high respect for role boundaries and organisational structure. The individual is disciplined, administration oriented, identifies readily with concepts of efficiency and is likely to be competent at follow-through. Effective follow-through depends on the following factors:

- A mental capacity to recognise relevant organisational relationships and linkages between departments/units/divisions
- B personal application to negotiating effective organisation relationships and linkages so that other role holders identify with the individual's requirements
- C that the organisation structure and individual manager's role structure allows for effective negotiation on follow-through and establishing linkages across the organisation.

Being too organisationally oriented can mean the individual becomes out of touch with marketplace developments, is inflexible to changes in markets and can be too status oriented, and hence becomes upset when his status concerns are not respected.

(c) Interpersonal oriented - the individual judges other people by their manners, interpersonal skills and overall interpersonal conduct. Others may be judged whether they appear to be optimistic/pleasant and not pessimistic/negative. Warm, sensitive interpersonal forms of communication

can give the appearance of an effective team through displays of harmony - such an appearance is often deceptive.

A more sensitive individual can fall into the trap of judging others simply on the nature of interpersonal interactions. Those interactions with others perceived as supportive, are viewed positively and could become a primary criterion for rewarding or responding positively to those persons. Interactions perceived as negative are treated as threats and the people whom the individual has to relate on this basis are likely to be rejected, disregarded or put to one side.

Any senior executive who is too interpersonally oriented is likely to allow his/her emotions to cloud his/her appreciation of function and role and may find it difficult to distinguish between the role demands, challenges, constraints and functional requirements and the personal performance of the role incumbents. Individuals who find themselves in an intolerable role are simply liable to be accused of poor performance!

As has been shown above, individuals who are too interpersonally oriented can externalise, *ie* blame others. Another response is to internalise, *ie* view other people's problems, complaints or misfortunes as your fault or responsibility. People who face problems can easily become angry and for those less mature, wish to find a target on whom to direct their anger. Anyone so sensitive and with a capacity for internalisation, provides such a suitable target. After a time, the individual can become stressed and depressed and naturally performs below par.

(d) Independence oriented - the individual values doing his own thing in his own way. The need for considerable personal space and for the expression of one's own views and needs are predominant concerns. Perceived encroachment of one's own personal space is viewed negatively, and can cause considerable friction of a destructive nature. Difficult to apply team concepts if a number of key executives identify with independent oriented values.

(e) Expertise oriented - the individual identifies with the values of a profession or discipline or technical expertise. Communication is easy for people who hold similar professional or expertise orientation (*ie* talk the same language), but may have communication blocks with people who do not identify or understand the values of that profession. There is a tendency to apply high standards, acceptable in a professional sense, but which may be inappropriate for the situation and the organisation. People with expertise oriented values, under negative circumstances, are unlikely to identify with their employing organisation.

(f) Integration oriented. The individual is sensitive to the demands of the market and to the issues, problems and needs which face the team members and their subordinates. The aim of the integration oriented person is to work with bosses, colleagues and subordinates for them to gain ownership of the challenges that face them, identify with the organisation and its structure and move forward as a cohesive team. The integrator works closely with and

through people, and is realistic and clear as to how long and what it would take, to develop an effective team.

Implementation Skills

- 1 Appropriate application of organisation structure. Organisation structure is a means to an end. It is the means by which people and resources are focused to achieve particular objectives. However, identifying and applying appropriate organisation structure involves considerable conceptual ability in that the executive needs to recognise market opportunities and potential market opportunities, and is capable of understanding the strengths and weaknesses inside the organisation. By combining market opportunities with perceived internal strengths and weaknesses the executive needs to be able to visualise a structural configuration that realistically suits the company's circumstances. Having identified the rough blueprint of structure, which focuses people's energy and resources to pursuing particular goals, two further issues need to be considered.

First, executives need to respect the structure, role boundaries, and administrative and organisational procedures. In effect, colleagues who should be involved or consulted are not by-passed and procedures are not disregarded. To do so can create considerable disarray.

Second, driving policies through the organisation and following through on commitments made, are important in order to ensure that tasks are completed.

2 Communicating a coherent set of beliefs and values. This requires:

- (a) presentation skills
- (b) considerable interpersonal contact (*ie* walkabout)
- (c) through the structure of the organisation. The executive's capacity to both identify with the policies, direction and structure of the organisation. If the executive cannot identify with these characteristics, his attitude shows and can considerably demoralise subordinates. Communicating a coherent set of beliefs and values is done through the structure and through the direct reports on a daily and team meetings basis. In this sense, attitude becomes a characteristic of managerial performance. Presentation skills and walkabout are simply the 'icing on the cake'.

3 Personal Maturity. Holding a senior executive role involves comfortably managing considerable ambiguity, contradiction and paradox. It means renegotiating understandings or agreements with others, which could cause friction, whilst sustaining quality of executive relationships. Concepts of trust and honesty need to be broadened to encompass concepts of change, and in order to do this, it is imperative that the executive is able to read situations so that he can understand people's preparedness to accept change.

Part of being able to manage stress, ambiguity and change in values, is having an understanding of why other executives do or say the things they do. In order to come to terms with other people's actions, or inactions, it is important to appreciate the opportunities, pressures and constraints they face

in their role. The pressures of the role may, for example, leave the role incumbent with little option but to adopt a conflict oriented position, or alternatively to not be forthcoming in declaring his intentions or future actions, or simply to distance him/herself from the rest of their colleague executive group. Such behaviour is likely to be interpreted as negative by other executives who in turn may reject the lone executive and his policies. Tension, friction and lack of trust would, under such circumstances, easily arise and could be sustained for considerable periods of time. To make it worse, the lone executive could leave, but a similar situation could arise with the newly appointed executive, leaving other executives with the feeling that there exist few effective senior managers available in the market; unfortunately a feeling of resignation which can be quickly transmitted through the organisation, demotivating considerable numbers of subordinates.

Intimate knowledge of the organisation and the business, an overall experience of working in a senior management role, and an ability to extrapolate from that source the likely problems to be faced by each executive in his role, is the way in which an understanding of each other's role pressures develops. It would seem that such a process is largely logical and cerebral in nature. In terms of analysing other people's problems in other organisations, that is true. It is far easier to understand someone else's problems in another organisation largely because one is not involved. It requires considerable personal maturity to distance oneself from one's own feelings concerning a colleague executive's behaviour in order to logically analyse the problems faced by that person in their role.

Being able to analyse someone else's problems through their eyes whilst at the same time controlling one's own feelings as one is involved in the situation, allows for a more positive conversation to take place. Instead of focusing on negative emotions which are likely to hinder conversation but stimulate resentment, discussion centres on the problems being faced by each executive. The fact that such talking is taking place highlights an appreciation of each other's problems, and although not agreeing with the actions of others, reduces the level of perceived threat which could bar such useful discourse.

In addition to taking a more relaxed and wider perspective on life, and in order to analyse and discuss each other's role problems, it is important that the executive respond positively to feedback. Positive feedback is relatively easy to handle. Giving feedback to others who do not wish to receive, could be problematic. Receiving negative feedback is far more difficult in that it can be personal and perceived as emotionally hurtful. To respond positively to such feedback, it is necessary that it is accepted and depersonalised, ie turned into an issue which everyone can reasonably comfortably discuss. The blocks to receiving feedback could be:

- 1 the individual in his role and in the current structure has not been required to receive feedback
- 2 the individual has not invited feedback and thereby the competence and confidence of others to offer feedback is low

3 it may be 'politically' inappropriate to request feedback as the quality of executive relationships is poor

4 all or most of the individuals involved have not appreciated the true source of the problem, focus on extraneous issues, offer feedback and then become disappointed or even angry when the executive in question cannot or will not act

5 appreciation of, and sensitivity to, managerial problems is low amongst bosses, colleagues and/or subordinates and hence nothing of value would emerge from requesting and receiving feedback. In fact, to do so, a considerably destructive outcome may be the result

6 the individual in his role may be unaccustomed or untrained in terms of receiving feedback and hence bars any information being offered to him concerning him and his performance

7 the individual may be threatened by the nature of the feedback, irrespective of his skills, and thereby not wish to listen.

Experience strongly indicates that the personal factors (*ie* items 4, 5, 6 and 7) predominate as reasons for poor or non-existent feedback. The message is, as a senior executive, 'leave your ego at home'.

4 Interpersonal skills. It is important that executives are reasonably competent at interpersonal skills, as so much of their work involves influencing others.

Presentation of self and ability to influence have been identified as key concerns.

Part of interpersonal skills concerns handling politics of managerial life. The reasons that politics arise are not negative. Differences of view, differences of vision, differences of executive values and differences in management style can lead to tensions and communication blocks. Such tensions and differences are natural. Each executive is still required to discharge his duties despite these frustrations. Hence, influencing people and managing interpersonal interactions in both an overt and covert manner are simply facts of life.

Business Implications

- 1 *Opportunity costs.* Thinking opportunity costs is vital, as problems at the top do not immediately show themselves, but they do emerge retrospectively over a period of time. A great deal depends on the quality of executive relationships, which can be determined by examining the range of personal values which the executive holds, and the compatibility of these values in the group, and the appropriateness of the organisation structure.

- 2 *Potential discretion in role.* Help executives to make full use of the potential discretion in their role. We discovered that numerous executives have not made full use of the potential discretion in their role. They may have not recognised what really could be done or may have felt constrained in an

insupportive climate, or may simply lack particular skills or even not have been prepared for a more pressurised job. Recognising the criteria required for effective performance at senior levels and applying these criteria does considerably assist executives to make far better use of discretion in managerial roles.

Team Implications

What makes for an effective team? The difference between a collection of individuals, a group and a team, is the degree of identifiable cohesion and consistency of performance amongst the members of the group. The following criteria distinguish between a group and a cohesive team:

- 1 **Executive values.** If sufficient members of the group share a number of key values, then a feeling of team identity is likely to emerge. The team, however, may still need to work on its shared values as, for example, sharing market and interpersonal values means that the team, although cohesive, does not respect structure, organisational discipline, and is unlikely to make the best use of administration. Lack of shared values or a wide range values amongst the members of any group will make it difficult for that group to develop a cohesive identity unless one or two of its members hold integration oriented values. The quality of executive relationships determined by the degree of shared or unshared values, influences whether issues can be more openly addressed or whether particular issues cannot be discussed at appropriate meetings as they are considered too sensitive.

- 2 Impact of Organisation Structure on Executive Interactions. As with executive values, organisation structure can considerably influence the quality of executive interactions. In a well-conceived structure, where emphasis realistically focuses on each of the key business areas and objectives being pursued and the organisational relationships between key executives, teams and functions are identified, the individuals at the apex of the organisation will be more stimulated to operate as a cohesive team as their relationships are clearly and acceptably defined. Only personal frictions are likely to prevent the formation of an open and direct manner of communication addressing the key business issues. The senior executives involved are likely to recognise the value of the structure and the necessity for open discussion and the formation of a clear identity.

A poorly-conceived or inappropriate structure is likely to have the opposite impact. Should the structure not assist to focus attention and resource on particular business areas or should the mission, aims and objectives be blurred, which reflects in the structure, key business or account managers may adopt defensive postures in order to protect their areas of accountability. As personalities, the individuals concerned could be business aware, open and positive and yet still have to adopt positions as a result of the structural constraints. The irony is that these managers may be conscious of the somewhat negative group and organisational dynamics but unable to alter the situation as the level of trust between them may be low and the pressures of short-term returns overwhelming. After a while, the more capable managers may leave the organisation and the less competent manager, less aware of

broader issues, but capable of organisational in-fighting and politics, may be appointed to the post. A sufficient number of such managers in post and shortly a negative dynamic and culture is likely to be established. Under such circumstances, people are likely to blame each other for any mistakes or wrongdoings and may not recognise that the fundamental fault lies in the structure.

In these conditions, the notion of generating a top team in terms of cohesion of values, beliefs, attitudes, mission and objectives and consistency of behaviour and performance, is a virtual impossibility. The nearest the key executives at the apex of the organisation will ever get to being a team is in terms of the meetings they attend and these are likely to be the forum where hidden agendas and business issues are enacted and debated.

- 3 Consistency/inconsistency in communicating a coherent set of beliefs and values. If insufficient attention is applied to team development then the members of the senior management group may end up communicating different messages down the line. It is difficult for subordinates to trust the senior group if they perceive one executive stating a particular perspective or value, whilst another is seen to adopt a different position. Lack of consistent and well-projected values/beliefs/behaviours damages the team and organisation.

- 4 Managerial Maturity/Immaturity. Executives who are managerially immature and find it difficult to cope with ambiguity or accept feedback, are likely blame others when complex problems arise. Not recognising the true impact

of what they say, they can demoralise both subordinates and colleagues by discussing confidential or sensitive issues too openly. Giving vent to one's feelings in a public forum severely damages senior executive credibility at both the individual and team levels.

Personal Implications

A strong assumption underlying so much of management and behavioural science philosophy is that of "Harmony" - Knowing how to and being competent at managing people stimulates positive, open, friendly etc relationships, *ie* harmony. That is not what we have discovered. From numerous consultancy assignments and not just the current study, tension in relationships as well as harmony, is a natural state of affairs. Results can clearly be achieved through tension as well as harmony. We have interviewed highly competent executives who are only too aware of the tension oriented impact of their actions and behaviours, realistically recognising that that is the likely way forward to addressing problems at the time.

However, in tension oriented circumstances, there is a personal cost. Chairmen, Chief Executives, Senior General Managers, *ie* top executives who are managing considerable diversity, are particularly vulnerable. Personal cost refers to the emotional trauma experienced by an individual who has to shoulder the negative emotions of others. So often, the individual is accused of being selfishly motivated, which on examination is often not the case, or having acted in particular negative or destructive ways. More often than not, we discovered that anyone in a similar role would have acted in comparable ways - circumstances dictated so. Hence, not only

is the individual not appreciated for his/her contribution, but also suffers a form of personal abuse.

Where values are unshared or the structural configuration is poor, facing and continuously handling hostility is a way of reducing opportunity costs. Considerable resilience is required by senior executives to see through such a negative process. The alternative is stress, demotivation, poor performance and in extreme circumstances, some form of personal breakdown.