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Executive-Level Leadership

How do executives best add organizational value?



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RBL research shows four key human capability areas drive business performance

RBL has comprehensive research in each of the four areas of human capability as well as ground-breaking findings connecting human capability investments to business performance.

In this article, we share our latest findings in leadership, with a specific focus on executive leaders in the post-COVID era.



Strong executive leadership capability contributes to firm valuation



The quality of executive leadership can explain as much as 45% of an *organization's performance*. Investors report that they base just under 30% of their *investment decisions* on

quality of leadership ...



... and *effective executive leadership* adds an average of 15% to a company's valuation.

Sources: Executive Leadership and Organizational Performance, David V. Day and Robert G. Lord, Journal of Management; <u>The Leadership Gap</u>, Dave Ulrich and Norm Smallwood; CFA Magazine; <u>The Financial Impact of Executive Leadership</u>, Deloitte; The Wall Street Journal

For more than 20 years, RBL has been collecting data about leadership effectiveness at every level

RBL Leadership Code®

Human Capital Developer

- Map the workforce
- Link firm and employee brand
- Help people manage their careers
- Find and develop next generation talent
- Encourage networks and relationships

Talent Manager

- Communicate
- Create aligned direction
- Strengthen competency
- Resource to cope with demands
- Create a positive work environmen



Personal Proficiency

- Deliver results
- Practice clear thinking
- Know yourself
- Tolerate stress
- Demonstrate learning agility
- Tend to character and integrity
- Take care of yourself
- Have personal energy and passion

Strategist

- Have point-of-view about the future
- Create a customer-centric view of strategy
- Engage organization in developing strategy
- Create strategic traction in the organization

Executor

- Make change happen
- Follow a decision protocol
- Ensure accountability
- Build teams
- Ensure technical proficiency

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This data gives us evidence-based answers about what today's executives need to do to create value



Analysis method

Pearson correlation coefficients were computed to assess the relationship between 67 RBL Leadership Code[®] behaviors and an organizational outcome criterion (average of four human-capability outcome measures) for executive leaders; all items were significant at p= <0.01 level (two-tailed)

Total raters = 32293

Here's what we found:

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Figure 1. Key Shifts in Top Executive Leader Behaviors that Drive Organizational Value Pre-COVID (2015-2019) vs. Post-COVID (2021-2023)

	Less Important	Stayed the same	More Important
Strategist		 Excels at generating commitment to future directions. Recognizes and uses the organization's strengths for the benefit of customers and investors. Translates our strategy into a compelling and achievable story. Excels at describing strategic goals in 	 Involves others in the organization in developing strategy in order to build commitment to future directions.
		ways that appeal to employee values and hopes for the future.	
Executor	 Makes sure his/her team excels at delivering the required results. Is consistently good at getting the right things done. 	 Ensures his/her team has a clear purpose and clear roles. 	
Talent Manager		 Is proactive in helping people develop the competencies they need for successful performance. Helps people align their individual goals with the work and goals of the organization. Clearly identifies the competencies required for success in his/her organization. Helps the people on his/her team understand their role in achieving the goals of the organization. Ensures people get the information they need to be productive and engaged. 	 Makes sure people have the resources they need to perform and develop in their current jobs.
Human Capital Developer	 Invests time in helping key employees develop and advance. Creates an employee brand that identifies expectations and rewards that appeal to the most talented current and potential employees. Helps employees understand what is required at each stage in their development. 		 Maintains updated picture of what our future talent needs will be.
Personal Proficiency			 Shows exceptional commitment and energy to achieve organizational goals. Is skilled at seeing the broader implications—the big picture—in a mass of detail.

The data show that much of what mattered 5-10 years ago still matters today

Shape customer-focused strategy

Understand how to leverage the organization's strengths to create value for and inspire confidence in customers and investors.



Activate human capability of the organization

Establish clear purpose and roles today while proactively identifying and developing the knowledge and skills needed for tomorrow. 7

To create value today, executives need to embrace collaboration in defining the path forward

- **1.** Commitment and energy to engage in the complexity of today's world
 - Energetically seek information and perspective to understand today's complex challenges
 - Understand and invest in building the talent needed for the future.
- 2. Develop mental models that can see the broad implications of alternative pathways
 - Use understanding of economic theory, socio-political patterns, and other fields to create credible scenarios for the short- and long-term value creation.
- **3.** Engage others to surface the right issues, find the best solutions, and create commitment and buy-in
 - Use a more participative, open leadership style that creates the opportunity for twoway feedback, learning, and ideation.

How well are you doing?

Scorecard for the more important skills for today's executives

RBL Leadership Code® Domain	How well do I:	Score 1=Need to improve 2=Doing ok 3=Doing great	What could l do to improve?
Strategist	 Involve others in understanding and shaping future directions? Inspire confidence in customers and investors in how the organization will continue to create value? 	123 123	
Executor	 Establish clear purpose and roles in your organization? Establish incentives and accountability systems that drive needed change? 		
Talent Manager	 Make sure people get the information and resources they need to perform? Help people understand and align to their role in achieving the organization's goals? 		
Human Capital Developer	 Maintain an updated picture of future talent needs? Invest time in finding and growing a diverse pipeline of successors? 	123 123	
Personal Proficiency	 Maintain an updated view of the big picture in a rapidly changing world? Demonstrate commitment and energy to achieving the organization's goals? 	123 123	

If you lead or support executives

C-suite leaders and HR professionals can help executive leaders build the leadership skills they need to deliver on customer and investor expectations by:

- **1.** Creating space for greater collaboration to foster outside-in strategic thinking: Engage with executives about external trends and their implications for the organization and create meaningful space for robust exploration and debate.
- 2. Link discussion of future directions with talent conversations: Invest time and money in talent planning and provide simple talent planning processes that drive talent outcomes.
- **3.** *Grow skills in communicating strategic direction:* Invest in helping executives increase their ability to articulate future direction clearly, consistently, and in a way that resonates with a wide variety of audiences.
- **4. Provide executive coaching** to tailor executive development to the specific needs of each executive.



Learn how you can build executive leaders who create value for stakeholders.

Contact us at leadership@rbl.net

building human capability that delivers stakeholder value.

RBL is the global leader in linking human capability interventions with shareholder value. Our ground-breaking research and high-impact solutions enable our clients to develop the skills, organization, and competencies that turn ideas into impact.

Through digital and face-to-face solutions, we partner with business and HR leaders to build human capability (talent + leadership + organization + HR) that accelerates business results.

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