

Building Outstanding Leadership Teams

Insights from charity chief executives

Mike Hudson

Jacinta Ashworth

Compass Partnership

In association with

**Centre for Charity Effectiveness,
Cass Business School**



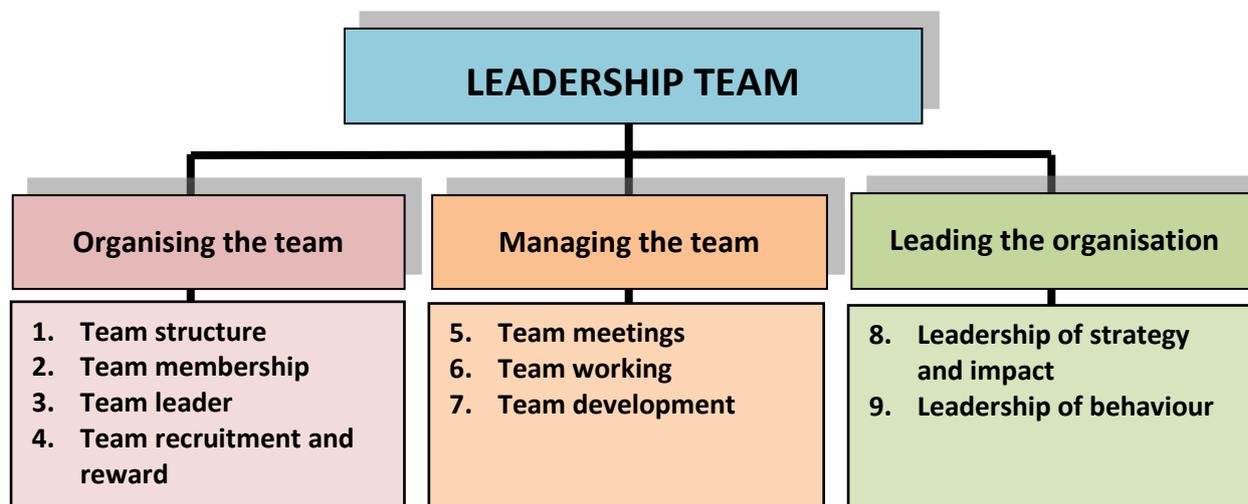
Summary – Building Outstanding Leadership Teams

Charities make a huge contribution to life in the UK. The larger ones are highly complex organisations often working in very challenging situations that place huge demands on their leadership and management. Yet, surprisingly, remarkably little is known about how leadership teams are structured, how stable their membership is, how members work as a team, what they do to invest in their development and how they provide leadership across their organisations.

We set out to answer these questions by investigating the workings of the leadership teams of the UK's larger charities. We did a literature review, held workshops and used our consulting experience to establish a research model¹ that described the key characteristics of leadership teams and that could be used to assess how well they are delivered and what impact they have on leadership team performance.

We then organised these characteristics into nine components of leadership team effectiveness:

THE COMPONENTS OF LEADERSHIP TEAM EFFECTIVENESS

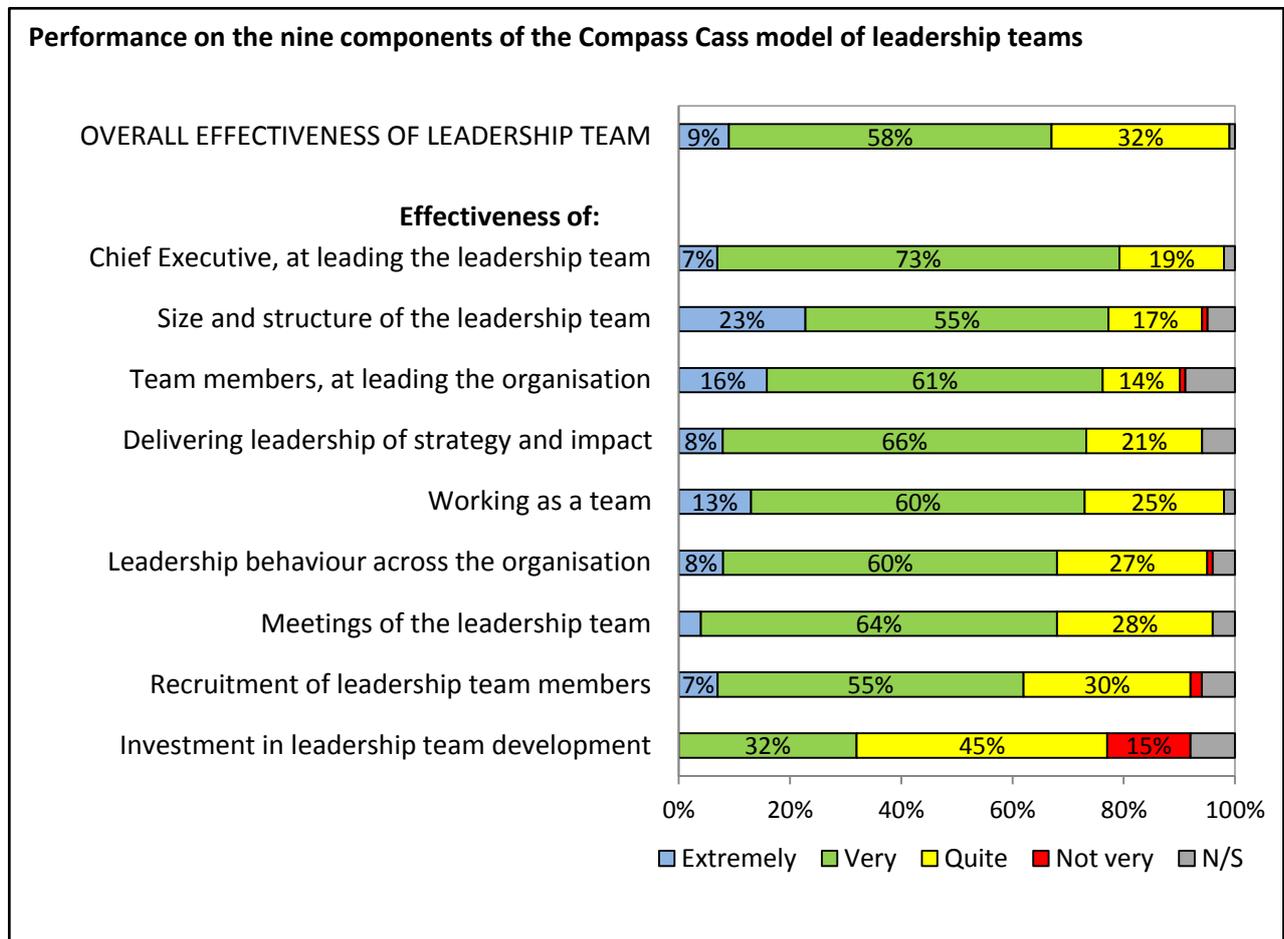


We used this structure to pilot a survey and then gather detailed information from the chief executives of 102 of the UK's top 500 charities about how teams are organised and managed, how they lead their organisations and how effective chief executives thought their organisations were at performing each of the main components. We checked these findings with a sample of HR directors.

We recognise that effective leadership teams are only one element of creating effective charities and that an effective leadership team might not equate to an effective charity. We also recognise that boards, staff members and other team members might have a very different perspective on the performance of their organisation's leadership team. Despite these limitations, we believe that by dividing leadership team arrangements into their constituent parts, setting out how they work at present and identifying the characteristics that contribute most strongly to high performing teams, we have created a framework for teams to analyse their arrangements, benchmark their performance and pinpoint the improvements that will have the greatest leverage on team effectiveness.

¹ The full model is appended

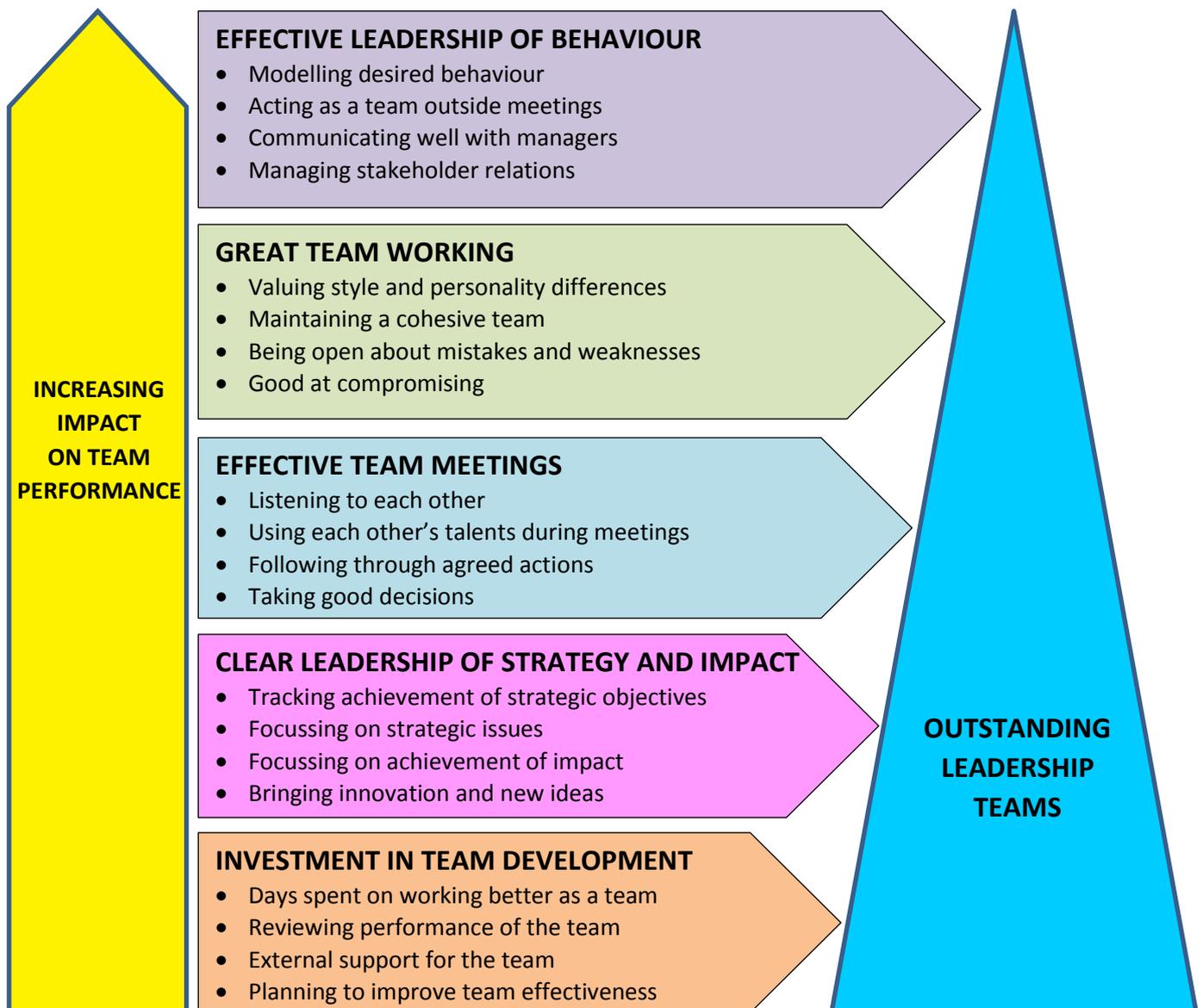
We asked chief executives to rate performance on each of the nine components in the model and to rate the overall effectiveness of their leadership team:



We then looked at correlations between the nine components of the team in our model and ratings of overall team performance to identify the ‘drivers’ of high performing teams. Five components stood out significantly ahead of the others

We went on to identify the underlying characteristics that contribute to each of these, to give leadership teams an indication of what is likely to have the greatest impact on team performance. This led to our model of outstanding leadership team performance:

DRIVERS OF OUTSTANDING LEADERSHIP TEAM PERFORMANCE



Finally we investigated *which* charities had 'stronger' leadership teams. They were more likely to be:

- charities with higher income and more staff
- organisations where the chief executive had a greater breadth of experience
- more stable teams
- teams where at least half are externally appointed members
- teams where more than two thirds are post graduates
- ethnically diverse teams.

Key conclusions

We drew the following conclusions from all of this research:

1. Leadership teams are critically important as they sit at the apex of organisations and have people with the skills and power to have a huge impact on the way organisations work and on their effectiveness.
2. The strongest drivers of the effectiveness of leadership teams are leadership of behaviour and great team working. They are followed by effective team meetings, leadership of strategy and impact and investment in team development.
3. Getting the right people of the team is a crucial starting point. Our research suggests chief executives should work towards smaller teams containing members with post graduate qualifications and then strive to maintain stable membership.
4. Team development was the component of leadership team working which was given the lowest performance rating, but it was also identified as one of the key future priorities.
5. Whilst two thirds of chief executives thought their teams were performing well, around a third felt their teams were only quite effective, so there is significant room for larger charities to improve the effectiveness of their leadership teams.
6. As far as we are aware this is the most comprehensive overview of leadership teams that has been created. Our approach provides an opportunity for organisations in the private and public sectors to learn from the experience of the charity sector.

Implications

We have identified implications for six key groups of people:

- For chief executives – the opportunity to benchmark their leadership team and pinpoint aspects requiring most attention
- For leadership team members – the opportunity to reflect on the strengths and weaknesses of their team and contribute to a culture of honest self-evaluation
- For board chairs – a framework for reflecting on the leadership team with the chief executive
- For board members – a reminder that their experience and judgement should contribute to thinking about the overall arrangements of the leadership team
- For HR directors – a framework for shaping leadership development programmes

For senior managers – a prompt to provide their leadership team with formal and informal feedback on leadership team performance.

How to purchase a copy of **Building Outstanding Leadership Teams**

- **Email:** publications@dsc.org.uk
- **Online:** www.dsc.org.uk/bol
- **Tel:** **0845 077 7707**
- **Price £40** **Discounted price for charities £32** **E-version £28**

The full research model



Compass Partnership

Greenbanks

New Road

Bourne End

Buckinghamshire, SL8 5BZ

Tel: + 44 (0)1628 478 561

email: info@compassnet.co.uk

www.compasspartnership.co.uk