

Making the case for investing in Level 5 Leadership:

Metcalf & Associates is a management consulting firm with considerable experience in turning turmoil into evolution and Level 5 Leadership assessment and leadership development.

Employee and leadership development are viewed not only as a cost of doing business in highly successful organizations, but also as an investment that produces nice returns to the bottom line even though it's very difficult to measure.

The following section provides research findings from prominent authors and researchers:

<p>Good to Great – Jim Collins</p> <p>Level 5 Leaders produce significant business results</p> <p><i>We assess leaders against Level 5 criteria and help leaders develop</i></p>	<ul style="list-style-type: none"> • “The good-to-great examples that made the final cut into the study attained extraordinary results, averaging cumulative stock returns <u>6.9 times the general market in the fifteen years</u> following their transition points. • “<u>All the good-to-great companies had Level 5 leadership at the time of transition.</u> Furthermore, the absence of Level 5 leadership showed up as a consistent pattern in the comparison companies (who were not able to move from good-to-great). Given that Level 5 cuts against the grain of conventional wisdom, especially the belief that we need larger than life saviors with big personalities to transform companies, it is important to note that Level 5 is an empirical finding, not an ideological one.”
<p>Organizational transformation as a function of CEO’s developmental stage - Torbert</p> <p>Level 5 Leaders consistently produce results others can not</p> <p><i>We help organizations change by augmenting leaders with our Level 5 consultants</i></p>	<ul style="list-style-type: none"> • A critical variable in successful organizational transformation is the <u>developmental stage of the executive leading the change and his or her senior advisers.</u> • In ten longitudinal organizational development efforts, the five CEOs measuring at the late Strategist/Leader stage (Level 5) of development supported 15 progressive organizational transformations. <ul style="list-style-type: none"> o By contrast, the five CEOs measuring at pre-Strategist stages of development supported a total of 0 progressive organizational transformations (no change in two organizations; a three stage regression in one organization; and three stages of progressive development in two organizations). o The progressively transforming organizations became industry leaders on a number of business indexes. The three organizations that did not progress developmentally lost personnel, industry standing, and money as well.
<p>Working with Emotional Intelligence – Daniel Goleman</p> <p>“Leaders with high EQ add tremendous value to an organization’s bottom line”</p>	<ul style="list-style-type: none"> • The best estimate of the <u>economic value added</u> by such standouts comes from a landmark analysis of thousands of people in jobs ranging from clerks to partners in corporate law firms. <ul style="list-style-type: none"> – For the most complex jobs, like insurance salesperson, account managers, lawyers, and physicians. Those at the top were measured against average performers rather than those at the bottom. Even in this case, the <u>added value of performers in the top 1% was 127% more.</u> • The models showed what management in each organization agreed captured the particular profile of excellence for a given job. <ul style="list-style-type: none"> – 67% two out of three of the abilities deemed essential for effective performance were emotional competencies

<p><i>EQ development is an important component of leadership development</i></p>	<ul style="list-style-type: none"> - <u>Compared to IQ and expertise, emotional competence mattered twice as much.</u> - This held true across all categories of jobs and in all kinds of organizations <ul style="list-style-type: none"> • Given that emotional competencies make up 2/3 or more of the ingredients of such a stand out performance, the data suggests that finding people who have these abilities, or <u>nurturing them in existing employees, adds tremendous value to an organizations' bottom line</u>
<p>First Break All the Rules – Buckingham and Coffman</p> <p>“Of the 12 measures of employee engagement 10 are affected by employees leaders”</p> <p><i>We help managers develop leadership skills</i></p>	<ul style="list-style-type: none"> • Gallup Organization demonstrates the impact of leadership on profitability through their studies of <u>employee engagement</u>, a measure of employees' positive attitudes about their work. <ul style="list-style-type: none"> o Among the companies they studied, <u>those with engagement scores in the top half have a 70 percent higher probability of business success, as measured by employee turnover, customer satisfaction, productivity and profit, than those in the bottom half.</u> • And of their <u>twelve measures of employee engagement, ten are directly affected by employees' leaders.</u> For example, they've found that highly engaged employees understand the company's mission and their role in achieving it; they're encouraged to learn; and they feel respected and important. These are functions of leadership, not management.