

3. Findings: Desk Research; Review of Existing Tools

3.1 General Context

- 3.1.1 We carried out a review of recent UK and Welsh reports (and other material) looking at different aspects of leadership and management development. 'Agenda for Action' identified most of the key themes apparent in wider thinking – not least the vital and often under-recognised part leadership and management plays in overall business performance and wider regional/ national competitiveness.
- 3.1.2 The literature review we carried out (also backed up by many of the points made by 'key informant' and SME interviewees) served to emphasise a number of points we think are important when looking at possible self-diagnostic tools for managers in Wales, particularly within SMEs.
- 3.1.3 First, it is very dangerous to assert that SMEs are 'poorly' or 'ineffectively' managed as a general rule. Whilst **formal** processes and qualifications may well be lacking in most SMEs – and, indeed, many much larger organisations - the ability to manage customers, funds, new products/ services, and staff **in practice** will often be apparent at a very high level. Owner-managers will typically have to address and resolve these issues satisfactorily if only to survive in competitive markets.
- 3.1.4 Secondly, however, SMEs are often **different** from larger organisations in the ways they think learning ought to be designed and delivered. *"Experiential learning and other informal methods of learning are ... more likely to be relevant ... Almost all (93%) respondents thought that more effective learning occurs if it is directed at solving problems for the business. In contrast, most (73%) agreed that agencies promoted training and development programmes that were not relevant or appropriate to their business¹."*

¹ 'Developing the business and developing the people' SFEDI/ FSB London 2003 page 7.

- 3.1.5 It does seem that better, more targeted management and leadership development is becoming of wider interest as a key development tool for the business as a whole – often in conjunction with other forms of advice leading to ‘a balanced approach to economic development’². In general terms, *“Small businesses are the backbone of the British economy ... Failures are frequent and often are thought to be due to management and leadership weakness. ... helping improve the quality, calibre and capacity of leaders in (SMEs) can have a significant impact on the British economy”*.³
- 3.1.6 There is much criticism in the literature about many aspects of current UK practices and interventions: for example, *“We have identified a large latent demand for management and leadership development that is mostly immune to existing Government or supply-side interventions. ... there is little engagement between entrepreneurs and management and leadership development, particularly the formal offerings that are likely to receive public subsidy”*.⁴
- 3.1.7 There is also much information in the literature about the barriers faced by SMEs in particular over engaging in structured management and leadership development – often from a mix of resource constraints (particularly time, but including funding and reliable information) and cultural factors (lack of enthusiasm, few role models, a culture which resists ‘book learning’).⁵
- 3.1.8 Overall, however a key challenge – at the heart of the WMC’s ‘Pressing the Right Buttons’ report – is simply to translate a general view that effective management and leadership development is ‘a good thing’ into any sort of action. The parallel with people who ‘know’ they ought to take more exercise and improve their diet – but never quite do so – is drawn on in some depth.

² WDA Consultation Paper 1: ‘Developing the Workforce in Wales’ March 2004.

³ ‘Joining Entrepreneurs in their World: Improving Entrepreneurship, Management, and Leadership in UK SMEs’ Council for Excellence in Management and Leadership 2003.

⁴ Council for Excellence in Management and Leadership ‘Raising our Game’ 2002 p.4.

⁵ See e.g. ‘Testing the Opportunity for Small Businesses’ DfES September 2002.

3.2 Diagnostic Tools

- 3.2.1 Our initial research design included important elements for reviewing current leadership and management self-diagnostic tools from both a theoretical and practical standpoint, if only to be sure any future Welsh tool would not simply be ‘reinventing the wheel’. We can now offer a rather different perspective because we are now clear that there are **not** large numbers of currently available tools which fall within the parameters for management and leadership self-diagnostic tools set out by the earlier work of WMC.
- 3.2.2 In essence, whilst we have identified several hundred tools or techniques which seem to have **some** element of identifying leadership or management skill strengths/ weaknesses, the numbers of currently available ‘pure’ leadership and management self-diagnostic tools is much smaller – in practice, a handful only.
- 3.2.3 This finding has parallels with what other researchers have found, for example: *“We have found no shortage of supply of management qualifications and learning opportunities. But the supply is mixed in quality, often inflexible, may lack practical application, is thin on leadership development, presents a confusing plethora of options to the consumer and is often not sufficiently customised to meet the needs of the organisation or the individual ... (we recommend a new) self-assessment diagnostic tool, designed and evaluated by entrepreneurs, to enable them to understand their own, and their staff’s development needs^{6 7}.”*
- 3.2.4 A review of the principal tools identified through the desk research is given in Appendix I, with none deemed to be meeting **all** of the requirements identified by the WMC and lying at the heart of this project. Looking at the overall list of available tools which address management and leadership in some shape or form, we believe 7 main categories are identifiable, and we refer to these again in Appendix I.

⁶ ‘Raising our Game’ op cit: pages 4, 19.

⁷ The instrument recommended is, however, the Business Improvement Tool for Entrepreneurs (‘BITE’) considered in Appendix I and **not** achieving high levels of take-up.

- 3.2.5 **Business/ organisation-level diagnostic tools.** Investors in People is one example – particularly now that the ‘core’ National Standard has been augmented with the Management and Leadership Model⁸, but a range of quality-related tools (e.g. EFQM Excellence Model) also fall into this category. Using tools like these may well indicate the need for leadership and management development initiatives to be undertaken, and give important indications of relevant priorities and outcomes to aim for.
- 3.2.6 Yet these are tools which look primarily at the performance of whole organisations (or at least significant parts of organisations). They will not give the specific, personal diagnostic information to meet the criteria identified by WMC and summarised in 1.2.6 above, however: they are simply not designed to do so.
- 3.2.7 **Training needs analyses:** Many examples can be quoted (e.g. those available through NTOs/ SSCs). Broadly speaking, individuals either from within the organisations or ‘expert outsiders’ look at the levels of imbalance between the skills within the organisation at a particular time, and those skills thought to be needed for good performance either at that point or in the future, leading to targeted training activities to bridge this gap.
- 3.2.8 In essence, similar points to those made in relation to business/ organisation-level diagnostic tools and techniques apply. Training needs analyses may point to the need for some form of leadership/ management development from the perspective of the organisation as a whole, but will not normally support **self**-diagnosis at the level of the individual owner or manager.
- 3.2.9 **Organisation-specific tools:** Particularly in larger organisations, much management and leadership development activity is triggered through internal appraisal/ review procedures, and techniques like 360⁰ feedback. These can clearly align well with self-diagnostic approaches, but gather data from a very different perspective – drawing primarily on the perceptions of colleagues and performance against previously-agreed objectives. They may also be less easy to implement in SMEs where anonymity in feedback is difficult to guarantee, and ‘critiquing the boss’ is

⁸ See ‘Leadership and Management’ IiP UK 2003

likely to be approached with considerable caution at best.

- 3.2.10 **Informal/ verbal tools/ discussions:** It is clear that many of those advising SMEs about leadership and management issues specifically, and wider business development matters in general, will be glad to discuss leadership and management development needs and priorities for a particular individual and SME, and lead on to suggesting appropriate solutions as a result.
- 3.2.11 Examples would vary from 'generic' small business advisers looking at short-term options for improved 'bottom line' performance, through to staff at business schools discussing options when individuals approach them about 'doing something' to improve their management skills and performance. Whilst there are many advocates for this being a particularly effective route to follow, we do see it as lying outside the field of self-diagnostic tools (although it may be that more in-depth individual discussions would form an appropriate follow-on stage after self-diagnosis in many instances).
- 3.2.12 **Psychometric/ personality tests:** It is thought that various publishers offer around 1,000 alternative tests in the UK alone to give information about individuals' personal preferences, working styles, critical thinking abilities and so on. Some tests (16PF, MBTI, etc) have been established for many years, and have a proven track record in giving insights into **some** of the issues at the heart of the self-diagnostic tool being considered in this project.
- 3.2.13 They are not designed to address all of these issues, however - typically giving no information about functional (e.g. finance, marketing) or industry/organisation-specific capabilities. It is also worth noting that reputable tests will normally need to be administered, scored and fed back by someone with recognised training and certification, and that a thorough test battery will often take 3 hours or more just for a candidate to complete (i.e. not including scoring, analysis and feedback).
- 3.2.14 **Preparatory/ product-specific tools:** When individuals show a clear interest in a particular management or leadership activity, there are many examples of tools to help them identify the most appropriate level for them (e.g. Learndirect), or prepare for it (e.g. identifying the most relevant

modules for FE/ HE programmes). These approaches may incorporate other tools and techniques (e.g. psychometric tests) but seem to represent a step **after** that envisaged for the self-diagnostic tool at the centre of this project.

- 3.2.15 **'Pure' Self-diagnostic tools.** We have pointed out already that there are **not** large numbers of 'pure' self-diagnostic tools currently available for assessing management and leadership strengths and development needs. Several can be pointed to, however, and we understand more are under development⁹. We looked in detail at the Managerial Assessment of Proficiency (MAP) tool¹⁰, and in particular at the (significantly shorter) on-line Functional Test 'front-end'.
- 3.2.16 MAP, and the associated Functional Test, centre on a range of competencies, management styles, and personal values. These structures differ from the new National Occupational Standards for managers, but we are informed that cross-referring to the new standards can readily be achieved. Experiences of using MAP are building steadily,¹¹ leading to evidence that these tools can be both valuable in their own right (e.g. as the basis from which managers can reflect on their own strengths and weaknesses) and capable of linking effectively with other support (particularly targeted training to improve performance).
- 3.2.17 MAP and products like it show that gaining managers' interest in good-quality self-diagnostic activity certainly can be achieved **with the right kinds of support and promotion**. It is worth noting, however that at present tools like MAP may well not meet several of the parameters set out by WMC and summarised in para. 1.2.6. In particular, it will normally take several hours (up to 2 days in the case of MAP) to complete much more than a 'taster' of the whole exercise. Further, the levels of technical expertise required (e.g. in the Development Processes Group (DPG) Functional Test) **may** appear to favour those with formal qualifications already, rather than competence derived from on-the-job learning.¹²

⁹ E.g. for Institute of Leadership and Management

¹⁰ Published by DPG (MAP) Ltd 93 Walkden Road, Worsley, Manchester M28 7BQ.

¹¹ E.g. with Advantage West Midlands.

¹² Questions are asked, for example, about reasonably detailed high-level formal management development techniques (e.g. Blake & Mouton); formal approaches to Quality (Deming, etc). These and other examples point to topics **not** likely to be familiar to almost all SME owner/managers.

3.3 Management and Leadership Development in Context

- 3.3.1 To structure thinking about how a self-diagnostic tool might fit into other kinds of management/ leadership development support, we carried out a secondary analysis of our data about how SMEs in particular may currently access **any** management and leadership development activities. This analysis drew on information gathered from key informants and SMEs themselves (see sections 4 and 5) as well as the desk research.
- 3.3.2 Figure 1 below summarises the main ways in which SMEs currently may access management and leadership activities of various kinds. In this analysis, at least 4 points of initial contact (column 1) can be identified (via banks/ accountants, public sector business advisers, providers of development programmes, etc). This will lead to a number of differing formal or informal initial responses (column 2) and an even wider range of possible outcomes (column 3).
- 3.3.3 Ideally, a single self-diagnostic tool would provide worthwhile information not just at, say, the point at which a fairly general enquiry is made to a bank or a friend (cell A1), but also when an SME owner/ manager is starting on a definite development programme (cell C3). We return to these points later, but clearly this analysis points to a need to introduce a self-diagnostic tool to potential users with a degree of care, and to support its use through effective integration with other sources of support and practical development activities.

Figure 1: Some of the Ways in Which SMEs May Currently Access Management and Leadership Development

1. ACCESSING SUPPORT	2. SUPPORT PROVIDED	3. POSSIBLE LEADERSHIP/ MANAGEMENT OUTCOMES	4. STRENGTHS	5. WEAKNESSES
A: SME approaches business support/ advice routes they currently work with (accountants, bank managers, other businesses)	General advice regarding business and personal development (often informally)	Ideally, referred on to suitable source of more specialist advice	High trust relationships mean advice may well be taken up. Can lead on to a wide range of outcomes, not constrained by supplier priorities. Often seen as practical, relevant to business needs.	Inconsistent; heavily dependent on the skills/ contacts of individuals in question. No reason for management and leadership issues to be identified or addressed effectively.
B: SME approaches business advisory agency (e.g. Business Eye, enterprise agency, maybe SSC)	General business advice; referring-on to more specialist sources of support.	SME put in touch with reputable supplier of services; good-quality support provided.	Widely available; low initial cost; good network of referral agencies.	Poor image with (some) SMEs; much depends on the skills/ contacts of individual adviser; some concerns about the availability of really relevant, effective programmes.
C: SME approaches providers of training/ development programmes direct (colleges, private trainers, professional bodies, IoD, etc)	Access to 'generic' or 'tailored' programmes aimed at SMEs	Attendance at relevant programme.	Many programmes readily available (not necessarily precisely targeted at individual needs); evidence of increasing flexibility in provision; qualifications may be available.	Time away from the business may be problematical; 'generic' courses not always seen as relevant; (sometimes) poor image in the minds of SMEs; evidence of continued lack of flexibility ('term-only; daytime only'); cost in some cases; difficult to assess relevance/ benefits in advance.
D: SME owner/manager 'goes it alone' - conducts own research	Internet searches, library information, journals, etc.	Likely to encounter to a vast array of leadership and management tools – especially from US sources	Flexible; 'owned' by the owner-manager.	Confusing; 'hit and miss'; difficult to assess quality/ relevance; might well end up with local advisers/ providers anyway.

