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LOL Journal - Assessing Leaders: Diagnose, Discover, Develop

Any self-respecting leader should want to know: How am I doing? So, do you know your strengths? Weaknesses? Do you know your blindspots? (OK, that's a trick question...) Mayor Koch of NYC made this line famous, "How'm I doin'?" Koch's instincts were spot on: get real-time feedback.

FCG has always advocated for feedback rich environments. Especially for leaders. FCG's process is bit more formal than Mayor Koch's. We use a 360 feedback assessment.¹ This process allows leaders to get a "report card" on their leadership. It's remarkable how many investment leaders have NEVER been formally assessed. The same leaders who advocate careful, thoughtful, logical analysis of investment strategies show none of that same concern for their own leadership abilities. Apparently the fact that they've become a leader is evidence enough that they are fully qualified and not in need of any further development.

Right.

This lack of curiosity is astounding, another example of "willful blindness." (See recent LOLs for description and discussion of this topic.) The ego of some investment leaders is world class. And amusing, if it weren't so harmful. We worked with one senior PM who was universally viewed as a terrible leader.² (Although, in fairness, an excellent performance record) Analysts feared him and dreaded his meetings. They routinely left the firm, even without job prospects. So, when the CEO of the firm insisted that this PM undergo an assessment of his leadership abilities, he let forth a great outcry of whining and complaining. The PM made sounds that could only be likened to a stuck pig. In fact, he resisted so violently that FCG finally relented and allowed him to pick his own raters. Not a normal practice for our 360 review.

Eventually, FCG administered the 360 process with his "chosen friends-and-family raters" and then compiled the results. Despite these hand-picked raters, the results were still disastrous. (Think about this for a second. He got to "stack the deck" in his favor, and the results were STILL horrible. That's world class "bad.") Admittedly, he earned high scores in "technical skills" (i.e. picking stocks), but the remaining scores for skills like listening, encouraging teamwork, self-awareness, delegation, etc. would make Putin³ or Mugabe look good. However, this PM spared himself the pain of actually seeing the poor results by NEVER looking at them. True. I handed him the report, sat down to debrief it with him, and

¹ 360 refers to the fact that feedback is gathered from bosses, peers and direct reports. Hence the visual image of "360 degrees."

² This is an extreme statement but true: we canvassed the whole firm and found NO one who supported his leadership abilities.

³ I realize that Putin is reported to have very high "approval ratings" and I thank the source for the hardy laugh I had while reading it.

he never touched it during his entire tirade about the stupid process, his lame team, or ungrateful clients. It's safe to say that this PM is not our poster child for curiosity.

Interesting that these same "macho" PM's who strut about the firm with their BSD's⁴ actually are quite cowardly.⁵ Sure, they rationalize that they are avoiding the assessment exercise because it is:

1. Stupid
2. Ill-conceived
3. Inaccurate
4. Useless
5. All of the above

But, actually, we all know the real reason: they're afraid. Their arrogance is just a big façade to protect their fragile egos. (Enter Jack Nicholson: "You can't handle the truth!")

So, let's flip this scenario. Consider a firm with excellent leadership. FCG recently worked with one. The two leaders at this firm stepped directly into the challenge of being assessed with no hesitation. Their thinking, "If I'm asking my senior team to be evaluated, then I'm going to lead the way. I won't ask them to do something that I won't." Now THAT is leadership. Lead by example. And no surprise, the results for the two senior leaders at this firm were off the charts. We usually list the top five skillsets and the bottom five for each leader in the executive summary of the report. A standard strengths and weaknesses analysis. For these two leaders, we had to list over 20 skills as "strong suits" because on a 5 point scale, they were all tied at 4.9! Small wonder that this firm is so successful, even in these difficult markets. They are led brilliantly by these two senior people. The scores for the remaining eleven senior leaders were also good. Is this team perfect? Heavens no. Leadership teams, like families, are never perfect. They all have issues. But this team addresses them.

What distinguishes good teams, however, is their willingness to take the first step: diagnose. They are willing to take a good look in the mirror and see their reflection. The good and the bad.⁶

This look in the mirror allows them to then take the second step: discovery. Once you have collected the data, then you can intelligently analyze them and discover: Where am I strong? Where am I weak? And, importantly, where are my blindspots? Each of the participants in the leadership assessment had "ah-ha" moments regarding these insights. Some had hidden strengths, like "strategic thinking," that they were unaware of. We call these positive blindspots. Others had weaknesses, like "delegates well," which surprised them. Negative blindspots. The goal of the 360 exercise is to arrive at a much clearer view of oneself as a leader. How am I perceived? Note, we all wake up in the morning with good

⁴ See Michael Lewis, *Liar's Poker* for description of BSD's.

⁵ I wish I could be gender neutral in my criticism of investment leaders, but, alas, the senior positions are mostly held by men.

⁶ I love my 93 year old mom's recent comment about mirrors: "Their quality has really gone down in the last few years."

intentions about our professional duties. The problem is that intentions do NOT always equal impact. The only way to gauge the slippage is an assessment process.

The final step is development. Discovery leads to some good candidates for development. In this regard, the person doing the debrief must be skillful. Too often, the participants look for the weakest scores and decide, “Gee, I should get busy improving my attention to detail. I’m really weak at that.” Well, maybe. But FCG has had the most success with the following approach. Divide a person’s skillsets into three broad buckets:

Level of Skill	Description	Energy factor
A skills (“genius”)	The person has towering strengths in these areas and should use them a lot and continually look to improve upon them even more	Very high. When doing these activities the individual is energized.
B skills (“excellent”)	The person is excellent or very good at these skills. Better than most and recognized for them.	Neutral. When doing these activities the individual is neither energized nor drained.
C skills (“weak”)	The person is weak or at best competent in these skills. Typically does not like doing these activities.	Draining. These activities are not enjoyable and tend to drain energy.

These lower skills (C) are candidates for delegating. Rarely does the strategy of improving them pay off. In the example above—about detailed work—the leader should develop a strategy in which someone who is skilled at details can double-check their work and provide that skill for them.

If a leader is clever about how they organize the tasks on their team, they will familiarize themselves with this approach and then assign tasks accordingly. After a round of leadership assessments, FCG has facilitated the following exercise. All of the team’s tasks are written on sticky notes and placed on a wall. Then the leader asks team members to grab tasks which are high energy and high competence for them. In other words, “I like this task and I’m really good at it.” In many trials, we’ve never seen a bunch of “unclaimed” stickies. Occasionally, there will be one or two odious tasks that no one wants, but that’s rare. One person’s poison is another’s pleasure. Typically, all the tasks get chosen. Clearly, this is the most efficient way to allocate work. The tasks get allocated to the people who 1) like it, 2) excel at it.

So, as part of the development phase of assessments, we ask leaders to design a work schedule that allows them to spend 80% of their time in their areas of “genius.” (i.e. high energy/high skill areas) Assessments can be hugely valuable in confirming areas of genius, or uncovering hidden ones.

Strengths and weaknesses across all investment leaders are shown in the table below:

Firm Competencies	Team Competencies	Self Competencies
Drive to win	Business processes	Perseverance
Critical thinking	Problem solving	Integrity and trust
Client focus	Continuous improvement	Functional/technical skills
Ethical/values centered	Planning effectively	Action Oriented
Drives Firm Vision	Conflict resolution	Comfort with Higher Managers
Asset management expertise	Work/life balance	Time management
Effective decision making	Delegates work to others	Self-motivated
Builds firm talent	Reading people	Candor
Strategic thinking	Builds effective collaboration	Listens actively
Servant leadership	Developing others	Self-awareness

Clearly, investment leaders do a lot of things well, as highlighted in the green boxes. The weaknesses are shown in red. For each of these weaknesses, a relevant question is: does it matter? As stated above, the development strategy used by FCG advocates leveraging strengths. Think carefully about what is important to your role. And what is realistic. As a team leader I may be weak in “developing others.” Well, can someone else play that role? If I am the CIO, can my Director of Research cover that responsibility? Or take another competency: strategic thinking. Some people are natural strategists. They like it, and they are good at it. Others, not so much. It may be a huge waste of time to invest in raising someone’s strategic skills when the firm doesn’t need it. There are plenty of others who can fill that role around the leadership table.

So, do the leaders in your firm have the courage and curiosity to take an honest look at themselves? Do you? FCG’s experience in this regard has been universally positive, as long as the leaders are genuinely committed to learning and developing. Once again, the adversary in this situation is our old friend: Ego. Fearful and suspicious by nature, the Ego does NOT want to be placed under the bright lights. That would be terrible. The Ego thinks: “I could be exposed as a fraud! I could be far less wonderful than I think I am! I could be forced to admit my shortcomings! I could be vulnerable!” And since the Ego doesn’t trust anyone, the thought of being exposed or vulnerable is untenable. It must be avoided at all costs. “Hunker down, stay under your rock, be safe” is the advice of the Ego to all leaders.

So, who are you listening to? Your Ego. Or Mature Self. If you haven’t been formally assessed in many years, then it is the Ego. And the Ego loves your willful blindness! Keep pretending that it’s ok to do nothing. Just as you:

- A. Don’t maintain your car
- B. Don’t brush your teeth
- C. Don’t get medical check-ups

Oh wait. You DO those things right? Well then why wouldn't you get your leadership checked out!?⁷
You get the idea...

Give us a call and let us connect you to firms that have done these leadership assessments. They are the best advocates. They know the value they got.

Ok, sorry for the shameless advertising. Shifting back to curiosity,

JW

⁷ Since I slipped into shameless promotion, I should mention that FCG can help your firm through this same diagnose, discover, and develop (3 D's) process regarding: strategy, investment philosophy and process, compensation, succession planning, culture, and—as discussed in this blog—leadership.