



## Leadership DNA

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Faced with a tide of business challenges, the leaders and Executives in Thames Water decided the best way forward was to take a long hard look at themselves. They found that developing emotional intelligence was going to be key to leaders releasing the organisations' potential.

"Our strategy is to become the leading water company in the UK in the next three to five years", declares Werner Böttcher, Managing Director. "Leading means doing more: it means operational excellence, first class customer service, and financial performance. So how do we get there? Can we continue as we did for the first 15 years? Most likely not."

**It never rains ...** The current Executive Management Team (EMT) inherited years of under-investment in the water network and were now faced with missed Ofwat targets for water leaks. Add to this waves of negative PR and the reduced rainfall last winter, the EMT found themselves in a significant pool of business challenges. Internally, employee engagement was not high. Feedback on organisational surveys pointed to poor leadership as a significant contributor to people's de-motivation. The organisation's preparedness for succession planning was also questionable. When the previous COO left it threw up the issue of where his successor was coming from; where was the company's talent pipeline?

**Waves of change.** Clearly things had to change. Work was already underway to define what leadership should look like for Thames Water; they had identified things they should do 'more of' and things they should stop doing. They quickly began to realise there was an emerging pattern of not enough of the former and too many of the latter. Consequently, as part of a major project to re-define Thames Water strategy, 'People and Leadership' was identified as

one of the 4 key 'pillars' that would enable Thames Water to achieve its goal of becoming the UK's leading water company.

The definition of People and Leadership was straightforward, it meant...

- Ensuring we have the right capability
- Developing this capability
- Ensuring that we engage with people

**In the DNA.** Working with Kaisen Consulting, Thames Water launched the Development Needs Analysis (DNA) process, which was seen as driving the analysis phase – understand what you've got, work out what the gap is, and then address the gaps. Over the course of 6 months, the top 170 managers went through a 2-day profiling process. These managers came from right across the business, MD and top team down. Key to the success of the project was the commitment from the top; they had to be seen to be role modelling the process. "I was in the pilot group", says Werner. "I have a strengths and weaknesses profile, as anybody has. For example, the process highlighted that my 'emotional awareness' is not so well developed, in other words, I'm not always good at putting myself in your shoes."

The DNA process is a one-on-one profile that uses in-depth interviews and psychometric tools to look at a person's underlying psychological skills and business 'know how'. The process helped identify a leader's suitability for their current role, but also their potential for roles in the future. However, the focus of the process was not just about analysis but also about action. Andrea Grist, Head of Organisational Development, asserts, "If the business is to change it is not enough to simply navel gaze, the important question was: what are leaders going to do differently as a result of this process? Hence the two days included a half day development planning session and the production of an individual Development Action Plan. Just as with genetic DNA, we're all individuals and the way in which the business develops its capability needs to be dealt with as such."

**Talent Pools.** The DNA process revealed a clear profile of leadership capability. The organisational strengths included:

- **Very strong results focus:** a drive to achieve and to deliver against challenging targets, maintain high standards and to keep on exceeding expectations
- **Strong customer focus:** a clear understanding of the needs of customers, desire to tailor the service to meet varied needs and to set very high standards for customer service
- **Strong intellectual capabilities:** the business has a lot of very bright people, which will help in responding quickly to changing circumstances, making well thought-through decisions and taking the longer term view when solving problems
- **High levels of resilience:** emotional control that will be important for coping with organisational change, leading others through change and team working

The capability gaps which would enable the leaders to harness all these strengths were:

- **Ability to engage the workforce:** this reinforced the message that was coming out of the original survey results – 'managers don't listen!'. A lack of capability here will undermine the company's effectiveness in securing 'buy in' from people for change and being able to influence across the organisation
- **Boldness:** a lack of proactivity would hold Thames Water back from driving innovation, stepping 'outside of the frame' in introducing efficiencies and exploiting opportunities to move ahead of the market
- **Assertiveness:** a limited ability to influence would reduce the organisation's effectiveness in challenging inefficiencies, communicating direction and priorities, and driving change through the business

Werner reports, "The core skill we are looking for is 'engaging'. The evidence suggests that we have not naturally been engaging in this

organisation in the past – we need to make the shift. We have to become more open, face to face, engaging. And engage better with the customer.” The business recognised that it needs to work as a team, not as individuals or individual departments, to harness this huge drive to deliver in the workforce and become the leading UK water company.

**Connecting with people.** Following the profiling session, every manager going through the DNA process committed themselves to a Development Action Plan (DAP) that they would work on with their manager, with support from HR and external coaches where appropriate. Having identified some common capability gaps, Thames Water worked with Kaisen to design and implement focused development programmes. These included:

- Performance coaching: providing leaders with the ability to engage people and drive high performance.
- Stakeholder engagement: developing leaders’ ability to identify and influence

key stakeholders and sources of organisational power.

These programmes develop specific management skills, Andrea confirms, “It’s about creating a desire for change and hence changing behaviour. It’s not about giving managers a load of interesting theories or academic concepts, it’s about what they’re actually going to do differently as a result of training.” Thames Water is already seeing the benefits of what they’re doing differently: “There is a level of depth and maturity in discussions about people that wasn’t there before. Succession planning decisions are being made on the basis of objective and comparable data that comes from a thorough analysis of each person.

The information has helped us to identify what areas we need to be targeting in order to get a general uplift in the quality of leadership,” says Andrea.

Poor performance is being addressed where previously managers didn’t have the skills or confidence to do so before. Development

starts to happen without costing anything; over 95% of actions in Development Action Plans are things that individuals can start working on with their team or line manager. Andrea adds “The DNA process is informing business decisions; we are already making business decisions that have a high associated cost if one gets it wrong or delays the decision. We have had examples of assembling new teams, turning around poor performers and identifying high-potential individuals, all as a result of information gained from the DNA process. We’re getting more managers asking to put their people through the DNA, across the business managers are seeing the value of what comes out of this process.”

At an individual level, 100% of leaders reported that they were clear about where they needed to develop and 95% felt their performance would improve as a result of the DNA programme.

The next phase is to extend the process further down the organisation, producing a broad and rapid up-lift in leadership capability.

## Derailers – and how they vary in different populations

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It is not surprising that bosses who alienate colleagues and subordinates undermine the commitment and effectiveness of the workforce with inevitable consequences for productivity, retention and the bottom line. Based on research into leadership and management derailment, the Hogan Development Survey (HDS) identifies these sorts of patterns of dysfunctional interpersonal leadership behaviour. These ‘dark side’ tendencies erode trust, loyalty and enthusiasm and are of obvious concern in relation to managerial and leadership roles. The HDS measures eleven such flawed interpersonal styles that become exaggerated under pressure and that are difficult to detect in interviews - for example, the charm and social aplomb that is revealed as manipulation if the socially

acceptable facade is not maintained. These 11 scales are grouped into 3 main clusters – *Moving Away*, which concerns managing one’s insecurities by withdrawing from contact with others, *Moving Against* which concerns allaying one’s fears and anxieties by dominating, influencing and persuading people and *Moving Towards*, which concerns building alliances with people and conforming to others’ wishes as a way of managing one’s own worries or concerns.

As publishers of the UK edition of the HDS, PCL has accumulated extensive experience of using this instrument in individual assessment contexts, in assessment and development centres, and also in the delivery of conversion courses. In our judgement, the information generated by the HDS always adds invaluable insights to the assessment process, highlighting issues for individuals that would be exceedingly

difficult to discover from any other established enquiry methods.

### Differential derailers?

PCL and its clients have used the HDS with a vast number of organizations in various business sectors and in the course of this work we have noticed some interesting differences in the distribution of derailers across different types of organisations or across certain types of jobs. A couple of these comparisons are detailed below.

In our experience we have found that people working in the private commercial sector, and particularly in global financial institutions, tend to have more derailers in the *Moving Against* group of scales – *Confident-Arrogant*, *Charming-Manipulative*, *Vivacious-Dramatic* and *Imaginative-Eccentric* – suggesting that this group of people are more likely than the