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# Addressing the leadership lag: ILM Manifesto

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## Introduction by John Yates, Group Director at ILM

In the UK, organisations are facing an unprecedented leadership challenge. Uncertainty around what Brexit means has many acting like a rabbit in the headlights, frozen until they know for sure what is really going on. We know that 'Brexit means Brexit', but the ongoing Article 50 court case is creating further uncertainty, so what will the reality of a post-Brexit UK workplace look like?

What we do know is that we can't wait for an answer to start making changes. The UK has a productivity problem and talent is leaking from the country in the wake of the referendum. We are competing on a global playing field, but the rules are changing and the goalposts are moving.

We shouldn't feel disheartened by the impending upheaval – but invigorated to shake things up, challenge the status quo and ensure that our organisations are fully equipped and relevant for the future. And nowhere is this more apparent than with leadership.

We need to make sure our organisations have leaders with the skills and character to navigate through periods of change and uncertainty. And by leaders, I don't just mean those at the top. People at all levels in organisations increasingly require core leadership capabilities – the ability to communicate, to innovate, to plan, and to work effectively with other people. Working structures are flattening and organisations need everyone taking responsibility and pulling together, rather than relying on a few at the top to implement change.

But this will require a fundamental change to the current default attitudes to leadership development, where people typically only receive targeted support and development once they have started to struggle in a leadership role. This remedial approach causes a serious 'leadership lag' that sees many high potential future leaders lacking the basic grounding needed to unleash their potential.

This manifesto is based on research with over 500 employers and 2,000 employees in full and part time work across UK industry. It shows a consistent lack of proactive investment in leadership development, leaving employees to sink or swim when it is their turn to take the reins. But leadership should not be a survival of the fittest. If more employees are taught the fundamentals of leadership sooner in their careers, they will have the tools and confidence to lead, long before they take on a formal leadership role.

This is an opportunity to change the conversation about leadership – to shift the focus from the very top of organisations to developing leaders at all levels, and to look more closely at the skill set these leaders require. We frequently hear from individuals that they 'fell into' a leadership position as a result of their technical excellence, but aren't supported in making that transition. Soft skills are essential here, as it is these skills that enable technical experts to share and embed expertise in their teams, and win the hearts and minds of team members.



## Tackling the leadership lag

The shortage of skilled leaders is a major barrier to organisational performance, resilience and agility, and something we need to address as a priority. At ILM we've highlighted five key areas in our manifesto that can support organisations in addressing the leadership lag, and to survive and thrive in times of change. These are:

### 1. Leadership for competitive advantage.

Many economic and organisational issues – around skills gaps, productivity problems and poor performance – can be transformed by quality leadership. Skilled leaders can give teams the vision, motivation and cultural environment in which to perform, driving organisational and national competitiveness.

### 2. Look longer term at leadership.

Too many organisations take a quick fix approach to leadership development, throwing in remedial training during times of difficulty. The introduction of the Apprenticeship Levy offers organisations a route to proactively identify and develop future leaders, and equip them to deal with and capitalise on change.

### 3. Adapt post-Brexit.

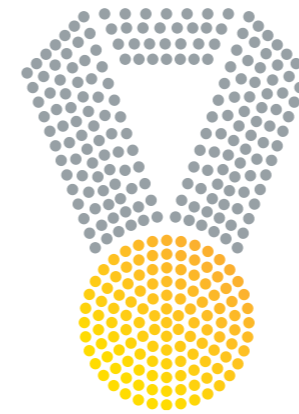
Whether in agreement with the outcome or not, the business environment faces significant uncertainty and change. And now more than ever, as the U.S presidential election results signal further change, organisations need to make sure they have embedded the resilience, innovation and motivation needed to tackle the risks and opportunities this presents.

### 4. Develop from the bottom up.

A little training goes a long way. By having a clear focus on developing core leadership skills, such as communication and teamwork, a future-proofed business can be built – with a pipeline of skilled, empowered and loyal leaders. Focusing only on developing leaders at the top is a short-sighted strategy.

### 5. Create flexible cultures.

Rigid structures, siloed working and overly complex hierarchies are deeply unpopular amongst today's workers. Employees say they want to work in more relaxed and flexible environments, yet many find themselves stuck in rigid and controlled workplaces. Flattening organisational structures and creating environments people really want to work in, is crucial to achieving engagement and improved productivity.



## Leadership for competitive advantage

In the UK, we have a significant productivity gap in comparison to all other G7 countries – around 18% compared to an average of 7%<sup>1</sup>. The productivity puzzle is one that organisations and government continue to try and solve, and at ILM we believe that one important piece is to strengthen leadership capability within the UK.

Our research found that more than a quarter (28%) of employees are lacking a trustworthy or inspirational leader. And just 31% of employers feel confident in their supply of leadership talent for the next three to five years. In the context of UKCES' prediction that we will need half a million new managers by 2020<sup>2</sup>, we foresee a major shortfall in the quality and calibre of leaders in the UK.

Leadership development is crucial to tackling this. We need to invest in skills now to build a pipeline for the future. Our research found this is what employees want too, with a quarter seeking more investment in their skills to help them do their job.

Organisations need to act quickly though, as a staggering 53% said they would consider moving jobs if things in their current organisation didn't change - a clear warning shot to businesses that fail to adapt. By proactively investing in the skills of their workforce, businesses can not only increase capability, but reduce the turnover of talent, and the recruitment and lost productivity costs involved.

Successful organisations have skilled leaders who help people understand where the business is now, where it needs to be in the future, what their role is in this process and how they can lead others to achieve this shared goal.

By teaching skills such as coaching, where leaders help others to find their own solutions to a problem rather than imposing their own ideas, resilient individuals and sustainable workforces are created. Instead of awaiting instruction from a leader, people are empowered to be part of the solution.

ILM has a long track record of helping organisations achieve more motivated and engaged teams, more productive workforces and more solutions focused operations as a result of leadership skills development. By listening to their workforces and investing in leadership skills development, forward-looking organisations can achieve sustainable competitive advantage by building innovation and collaboration into their business DNA.

<sup>1</sup> <http://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/internationalcomparisonsofproductivityfirstestimates/2015>  
<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32327/12-923-leadership-management-key-to-sustainable-growth-evidence.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32327/12-923-leadership-management-key-to-sustainable-growth-evidence.pdf)



## Look longer term at leadership

Organisations tend to take a remedial approach when it comes to leadership development, stepping in with training solutions once the scale of a problem is fully exposed (such as losing swathes of employees, due to poor leadership behaviours).

A more strategic and proactive approach to leadership development planning will deliver far greater and more sustainable rewards. Employees benefit from consistently good leadership, giving them clarity of vision, a positive culture and productive behaviours, as opposed to leadership that is in a constant state of flux.

Our research found that only 31% of employers felt very confident about their organisation's supply of leadership talent for the next three to five years. In a time of uncertainty and change, employees look to leaders for recalibration – and too many of today's leaders lack the trust of their teams.

But rather than just investing in the top, organisations need to be preparing their pipeline of leaders throughout – equipping all employees with core leadership skills. This will deliver a workforce that is confident, entrepreneurial and resilient to change. While executive development is important, it is no leadership panacea. The more companies can invest in future leaders, the greater the long-term returns.

Great leaders don't all come from the same backgrounds either. Organisations, if they aren't already, should be looking beyond degrees and traditional CVs when planning their talent pipeline – to see whether individuals possess the qualities needed for the organisation.

The introduction of the Apprenticeship Levy looks set to drive uptake of Management Apprenticeships as a great way to develop future leaders within an organisation – creating the blend of hands-on leadership skills and knowledge that businesses need to adapt to change.

We welcome the government's renewed focus on apprenticeships, understanding its value in creating a highly skilled workforce, by pledging to create three million apprenticeships by 2020<sup>3</sup> and implementing an apprenticeship levy to employers with a pay bill over £3 million<sup>4</sup>. All of which are important steps towards creating a skilled and competitive workforce.

<sup>3</sup> <https://www.gov.uk/government/news/government-kick-starts-plans-to-reach-3-million-apprenticeships>

<sup>4</sup> <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>



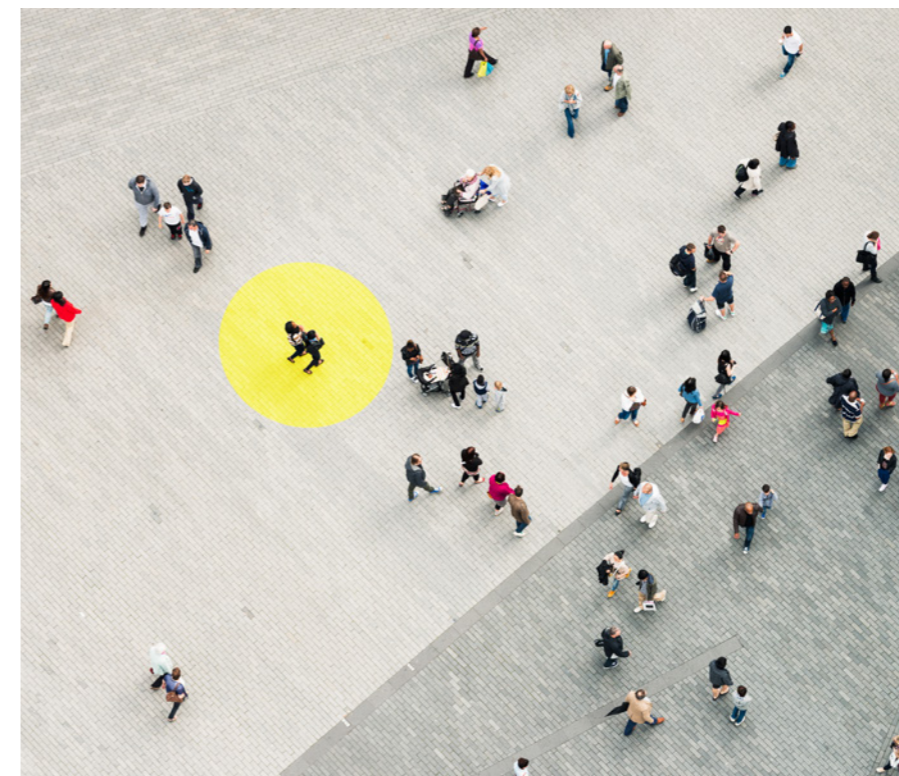
## Adapt post-Brexit

As we move into a period of economic and political uncertainty, it's even more important to invest in strong leadership at all levels. Employees will be called on to show greater resilience, to innovate and collaborate more effectively as the workplace and business environment change.

Our research highlights that 58% of businesses plan to refocus their approach to learning and development due to Brexit. This presents a significant opportunity to make sure that development programmes are fit for purpose.

Research by UKCES<sup>5</sup> finds that just over a third (37%) of organisations invest in the skills of their managers through the provision of management training, which is compounded by the fact we face a significant shortage of managers in the future<sup>6</sup>.

We need to make sure that we have enough skilled leaders that can adapt to the changing workplace post-Brexit – who have a good grasp of situational leadership, and know how and when to deploy different communications tactics. Our leaders need to know how to sympathise with employees when times are challenging and motivate them to achieve new targets all at the same time.

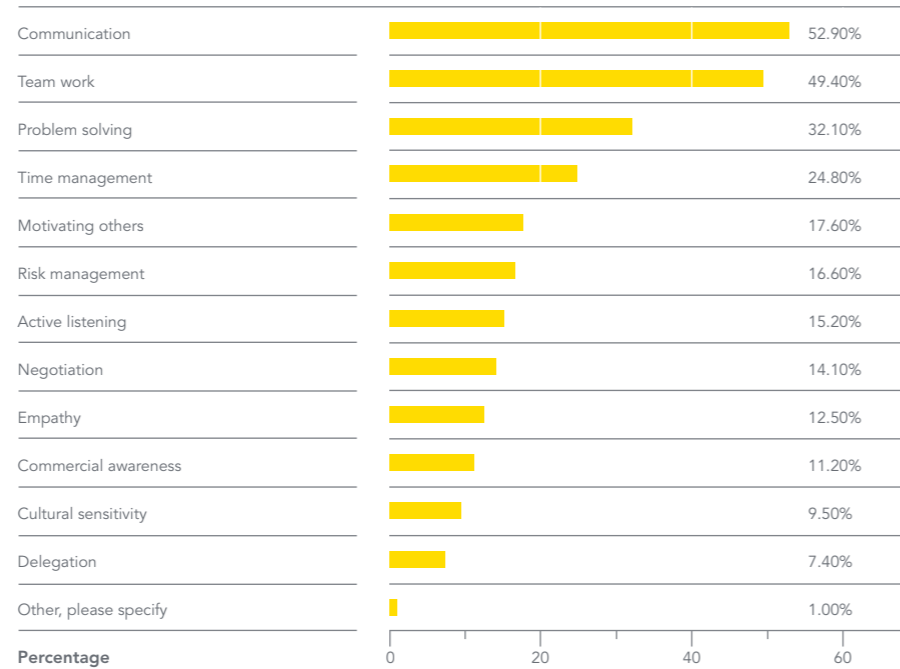


<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/525444/UKCESS\\_2015\\_Report\\_for\\_web\\_May.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525444/UKCESS_2015_Report_for_web_May.pdf)

<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32327/12-923-leadership-management-key-to-sustainable-growth-evidence.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32327/12-923-leadership-management-key-to-sustainable-growth-evidence.pdf)

What skills will be more important to your work in the next three to five years?

Employees



Such scenarios require soft skills, an important element of leadership that fosters valuable traits such as effective collaboration and communication. Indeed, ILM research found employers and employees agreed that the skills most important to the performance of their organisation over the next three to five years are communication, team work and problem solving<sup>7</sup>.

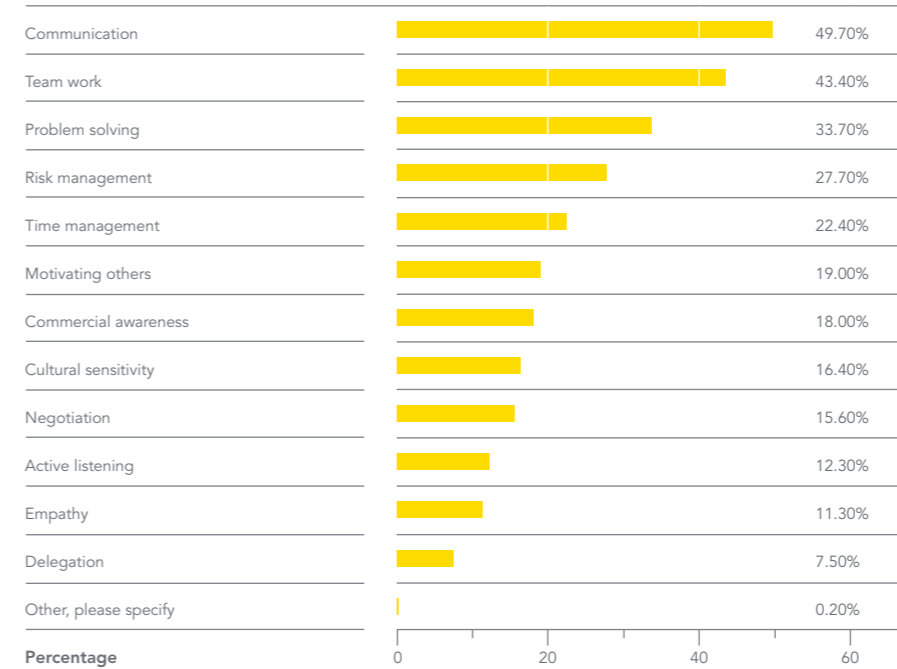
Yet it seems that many people aren't receiving this in from their workplaces, as almost one in four (24%) employees said leaders in their organisation made them feel stressed. Only 23% said that they'd be very likely to recommend their company's overall leadership.

Such damning criticism of leadership suggests that those in key positions are lacking core skills to communicate and engage with their workforce effectively. In a post-Brexit environment, one that requires teams pulling together effectively, employees should be equipped with soft skills to ensure that communication channels are open and leadership empowering – rather than debilitating.

<sup>7</sup> ILM employer and employee data: Communication 50% and 53%; Team work 43% and 49%; and Problem solving 34% and 32% respectively

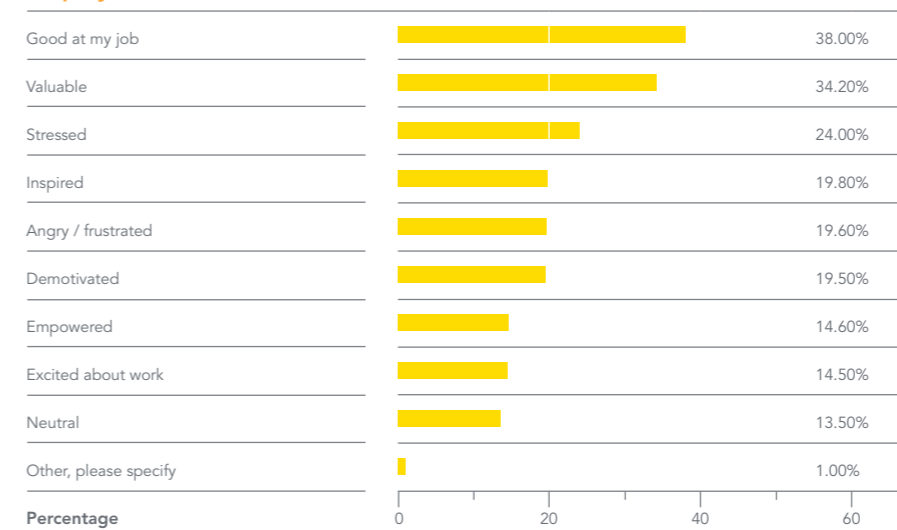
What skills will be more important to the performance of your organisation in the next three to five years?

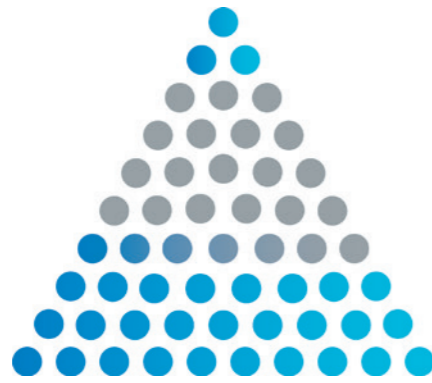
Employers



How do the leaders in your organisation make you feel?

Employees





## Develop from the bottom up

There has been a significant democratisation of leaders in the workplace. Decisions are increasingly made at every level of an organisation, so we need to be equipping more people with the skills needed to be decisive.

Employees need training before they step into what is considered a traditional leadership role and organisations need to be investing in developing core leadership skills, such as communication and teamwork, at all levels to future-proof businesses. One group that is particularly eager to learn are 18-25 year olds, with 40% saying that leadership responsibilities are something they are excited about taking on. But only 5% said

their current role includes leadership responsibilities, and no training and development has been given in core leadership skills such as team work (54%), communication (60%) and risk management (49%) in the last six months.

Considering that by 2020 'millennials' (born between 1980 and 2000) will form 50% of the workplace<sup>8</sup>, there's a clear opportunity for employers to invest in their skills development today. To do this they should focus on developing leadership skills in employees at all levels – helping them to establish a leadership style that is authentic to them, and draw a road-map for career-long development.

<sup>8</sup> <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>



## Create flexible cultures

Our research found that more than half of employees felt that both the structure and culture of their workplaces held them back from doing their job more effectively (55% and 53% respectively).

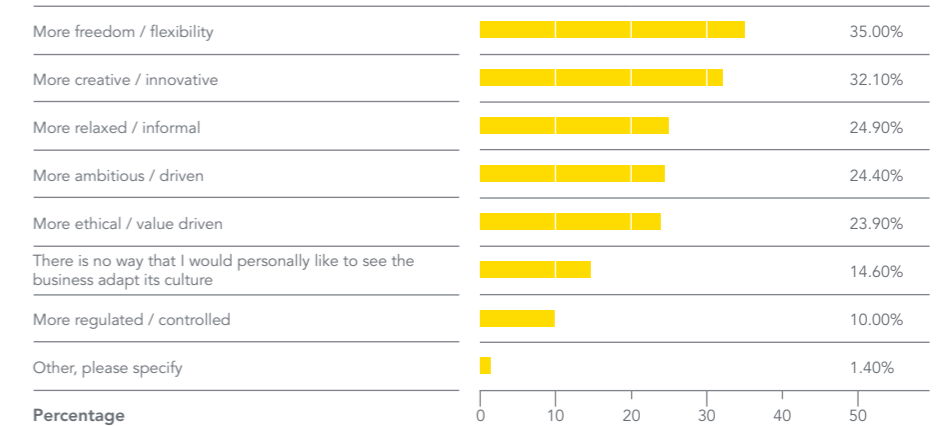
More than a third (34%) said they currently worked in a culture that was regulated and controlled. But when asked how they'd like to see the business adapt its culture in the future 35% said they wanted more freedom and flexibility. Hierarchical and rigid structures are rarely desired by employees today. Employers need to consider adapting their cultures to make sure they get the most from their workforces.

With so many high profile businesses – the Googles and Innocent Drinks of the world – paving the way for flexible and collaborative business, employee expectations of the workplace are increasing. Employers that haven't adapted their working cultures risk losing their talent – who will be tempted by those organisations that can offer freer and more flexible working environments. It's vital that organisations understand the kind of workplaces people want as they look to the future.

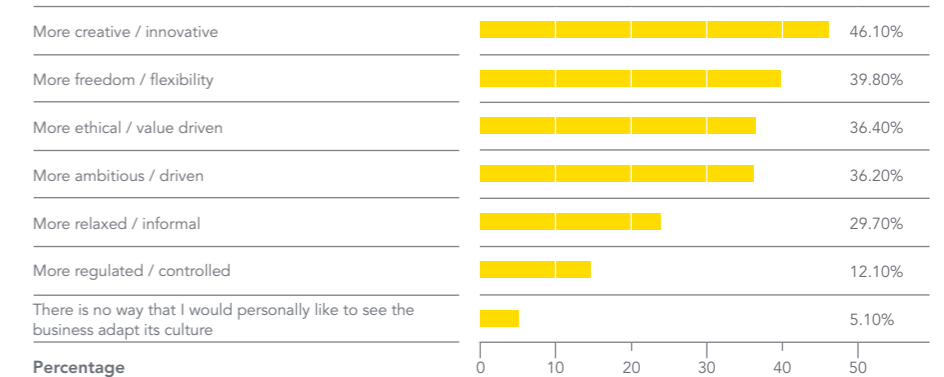
The research also found that both employees (31%) and employers (37%) wanted to see senior managers get back on the shop floor from time to time – highlighting a zero tolerance for ivory towers. Leaders need to have the skills to create the kind of environments where talent will thrive, feel valued and supported. Fostering a collaborative culture and allowing opinions to be voiced – regardless of seniority – are just some of the ways this can be fostered.

How would you personally like to see the business adapt its culture?

### Employees



### Employers



## Conclusion

At ILM, we believe that this manifesto can go some way in tackling the issues we face with leadership in the UK - by equipping individuals with the tools they need, with both technical expertise and soft skills, to effectively lead and inspire others. We can address some of the issues such as leadership trust and approachability, through the provision of training and development.

While we continue to tackle ongoing challenges around productivity in the UK, we also face new challenges – such

as those yet to be fully understood or felt by Brexit. What we do know is that the only certainty is uncertainty, and we need a flexible workforce that can adapt and thrive in such environments.

By equipping leaders at all levels with the skills needed to succeed, we can create a competitive workforce that is prepared to seize the opportunities presented by upcoming change.



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### About ILM

ILM is the leading specialist provider of leadership qualifications in the UK. Last year, over 70,000 people enhanced their skills and performance with ILM, including 14,000 management apprentices.

We believe that great leaders can come from anywhere. With the right support, anyone can grow and develop to make a real difference to their team and organisation. Which is why we help individuals from all levels to realise and apply their potential, so that the organisations they work for can reap the benefits.

ILM is a City & Guilds Group Business. All ILM qualifications are awarded by The City and Guilds of London Institute, which was founded in 1878 and is incorporated by Royal Charter.

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### About the research

ILM surveyed 2000 UK employees in full and part-time work, and 500 UK employers in organisations of 250 people or more. The research was conducted by Censuswide in October 2016.