eraneos

Research

This research has mainly focused on the practices.

→

Sectors differ in their development

The results of this research show that there are both small and large differences in the development of leadership activities in the sectors of government, IT, finance and healthcare.

→

Research paper

Digitization requires new leadership

Leadership Survey Report 2022

November 2022

Introduction

The digitization of organizations is indispensable in our society. In many cases, it ensures higher productivity, faster delivery, better insight into supply chains and products and services that are more in line with the wishes of customers.

Digitization obviously has a lot to do with applying technology with the aim of delivering more value to customers, but essential in exploiting the possibilities is ensuring that people work in a different way in order to achieve better performance. From the manufacturing industry, we see the use of Lean principles spreading across other sectors. From the IT world, the term Agile has become a well-known term that is now also spreading to other sectors.

These changes in working methods have proven their worth, and are essential for the proper functioning of our organizations. The application of the 'new' — Lean and Agile are now more than 20 years old — working methods is always strongly connected with the primary process, the value delivery chains of organizations.

In our experience from recent years, we see that changing the working methods does not always lead to the intended performance improvements; objectives are not realized. There are always multiple reasons for these disappointments. One of the reasons is undoubtedly the role of leadership; if you change the working method on the work floor, it is inevitable that the working method of leadership must also change. This is the impetus for this research: what are leaders in organizations doing in 2022?

We give the answers and show where improvement is possible.

We wish you much reading pleasure,
Niels Loader

Research team

Niels Loader
Senior Manager

niels.loader@eraneos.com

Hannah Franssen
Consultant

hannah.franssen@eraneos.com

Emilie Brenninkmeyer
Consultant

emilie.brenninkmeyer@eraneos.com

Ellen van Wijngaarden
Senior Manager

ellen.van.wijngaarden@eraneos.com

Inhoud

Part 1

From Management
to Leadership

5

From Management to Leadership

→

There have been many studies done on various aspects of leadership. This research was born from our experiences with the role of executives in transforming their organizations from traditional to digital organizations. This process has been going on - for the forerunners - for twenty years. For most organizations, we see that they have only been working on their digital transformation for the last five to ten years.

Digital Transformation

Digital transformations have a recognizable pattern. It often starts with experimentation (often opportunistically) to find ways to better serve customers. By taking steps to further digitize products and services towards customers and / or realize internal efficiencies through intensive process digitization, this search is (partly) fulfilled. This leads to the acceptance that the traditional ways of working are no longer sufficient to achieve the necessary speed of development. Operational teams then learn new ways of working (lean, agile) and a closer collaboration is pursued between business and IT. It ends with the creation of an organization that continuously improves its products and services, working methods and quality. This (r)evolution at the operational level then has an effect on the hierarchy of the organization.

In recent years, we have seen managers struggle with their changing role. This research is intended to describe and understand the state of affairs regarding the changing role of leaders.

Digital Leadership

Digital leadership is about leading an organization that is making the change from traditional working to 'agile' working. The term 'digital' is an interpretation of an important characteristic of this change: the far-reaching digitization of products, services, activities, interactions and information flows. Many organizations are currently suffering from unfilled vacant positions or cannot find the right people. Digitization is the next step in improving productivity; ensuring that employees are able to serve more customers with the help of smart (digital) technologies.

Leaders obviously need to understand what is possible with digitization, but the most important thing is that they adjust their leadership to ensure that the organization makes best use of both digital capabilities and new ways of working. And this is another substantial change from managing a traditional organization.

An associated phenomenon of the changing role of leaders is a discussion about the difference between management and leadership. Often the operational and 'control' aspects of leadership are referred to as 'management' and providing direction and people-oriented aspects are referred to as 'leadership'.

The starting point we have chosen for this research is that leaders always have elements of both management and leadership in their work. A team leader must be both direction for his team and operationally involved; even a CEO cannot escape the operational reality of her organization, while also being held accountable for the direction of the organization. The only question is: what emphasis do they themselves place in their work? Digital leadership therefore contains a combination of activities. These activities … and leaders in general … all should be focused on delivering value to customers in flow … and continuously improving it.

The concept of flow is essential for Digital Leadership. It is also one of the biggest changes for leaders. Flow means that requests (questions, orders, etc.) from the customer go through the organization without interruptions, errors and unnecessary actions, so that the customer gets the desired value as quickly as possible. The change is that it is no longer about ensuring that employees have enough work, but primarily that everyone focuses on the value for the customer, the correctness of the process and the associated behaviors to deliver the value. This is certainly not always going to go well and that means leaders need to improve and drive improvement… every day.

Quint has been helping organizations for years to make optimal use of the possibilities of the digital age. In the course of the many transformations, we have inventoried which leadership activities are effective for promoting a digital transformation. We have identified six activities. We have supplemented these with 'practices' to ensure that these broad activities are given concrete substance. The practices are the structures that ensure that leadership activities can be carried out with predictability and discipline. A practice is filled with tools that promote consistency in the organization.

Research

This research has mainly focused on the practices. We primarily wanted to investigate the recognition and implementation of these practices. Based on statements, we asked the participants to assess to what extent their organization corresponds to the (short) description.

Together, the practices form a system. The characteristics of a system are that separate parts are needed for the whole to work; none of the components can do what the whole does. Some components are more important for the functioning of the system and the system has a greater purpose than the individual components.

Let's take a car as an example. This is a system with the aim of transporting people from A to B. The individual components (e.g. engine, wheels, steering wheel) cannot do what the whole can do and all have a specific purpose.

Some of the individual components are more important than others in fulfilling the overarching goal, e.g. it is still possible to get from A to B without air conditioning or headlights (provided it is daytime and nice weather). Both of these less important parts of the system do help to make the whole experience more enjoyable.
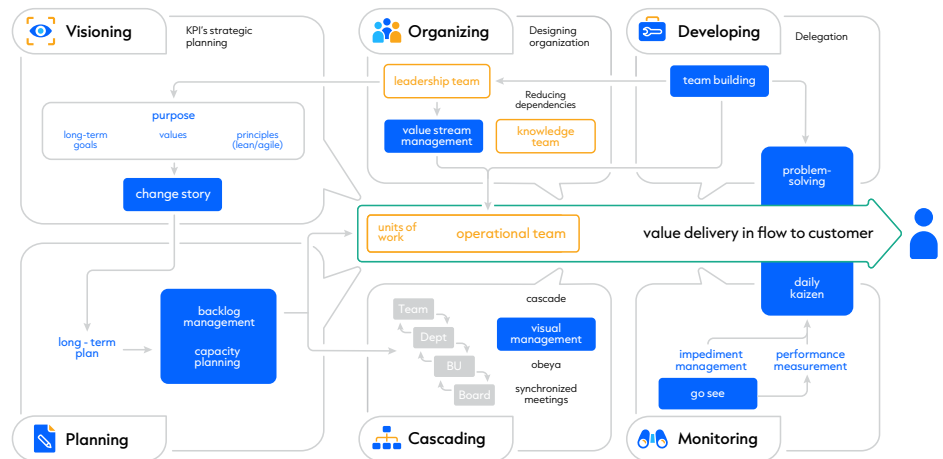
This principle also applies to leadership. There are practices that are absolutely indispensable and others that make the experience of the 'customers' of leadership (the employees and other stakeholders) more pleasant when they are present. In the figure above, the most important practices ('keystone practices') are indicated by blue blocks.

A digital transformation leads to both small and large changes in the products and services of organizations. It leads to changes in the way employees serve customers; work and working methods change, new ways of working must be learned. In this dynamic environment, it is inevitable that the work and working methods of leaders will also change. Leadership behavior influences not only the hierarchy of the organization but above all the ability of the work floor to work and deliver more effectively. Finally, if you do what you've always done, you'll get what you've always had. And leaders are looking for different, better results, so they also have to adjust their behavior.

Demographics of respondents

This survey on leadership was answered by 151 respondents, of which 70% are part of a leadership team within their organization. The remaining 30% of respondents form a group that is not part of the leadership team. The latter group provides insight into how leadership is experienced by others. In a general sense, it can be said that leaders generally judge themselves slightly more positively than non-leaders.

There are four sectors that together provided 90% of the respondents: Government, Healthcare & Welfare, IT and the Financial Sector. At the end of this report, we look at the specific situations of these four sectors.

Are you part of the leadership team of your organization?

29,8%

70,2%

- Yes
- No
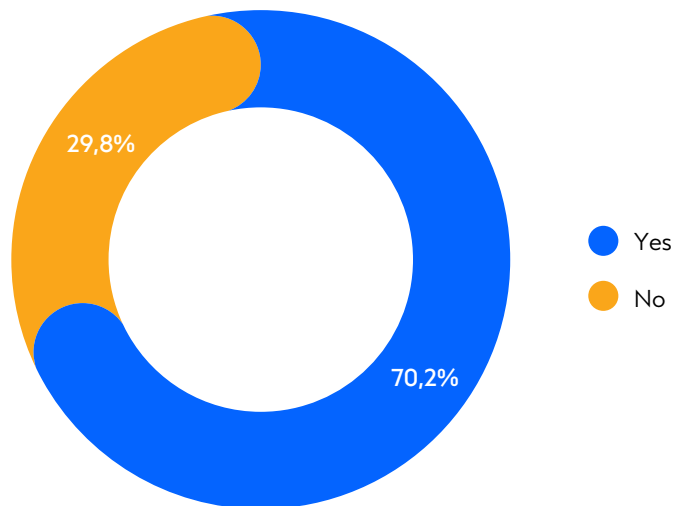
In which sector do you work?

9,9%

19,9%

43,0%

4,6%

17,2%

0,7%   4,6%

- Government
- Finance
- Healthcare and Welfare
- Professional Services
- IT
- Manufacturing and Production
- Education and Culture
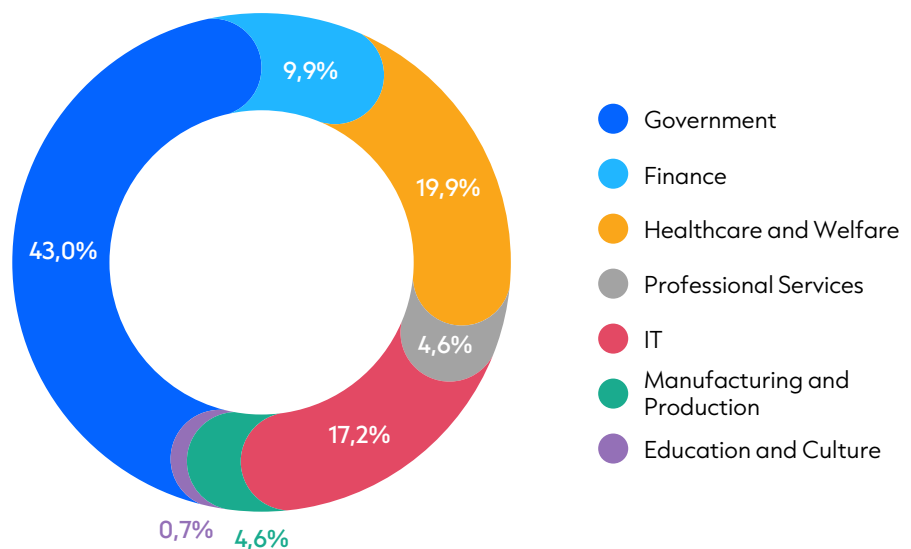
First steps...

In an ideal world, all respondents would recognize their organizations in the statements. The ideal world means that the percentage of response to all statements would be 100% 'completely agree'. This would mean that organizations have taken a new path with their leadership. Spoiler alert: we are not there yet, but the first steps have been taken. Looking at the percentage of respondents who 'agree' (slightly or completely) with the statements, we see the following:

% Agree with the statement (full response)

Visioning			Organizing			Developing	
purpose	KPI's		value stream management	stable teams		team building	problem-solving
change story				dependencies		impediment management	

Planning			Cascading			Monitoring	
long-term plan	backlog managment		visual managment			impediment management	
	capacity planning		cascade	synchronized meetings		go see / gemba walk	daily kaizen

value delivery in flow to customer

Legend

0-10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	90-100%

As stated above, it is of course desirable that everyone 'completely agrees' with the statement. In this study we see that the percentage 'completely agree' is 13.3%. This provides the following overview:

% Completely Agree with the statement (full response)
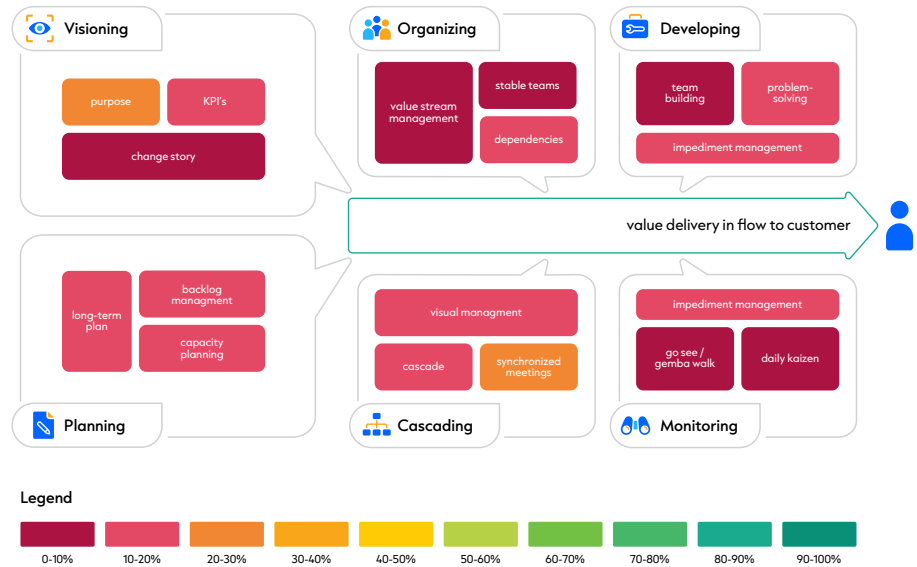
This shows that the extent to which leaders work in a way that facilitates the Digital Transformation is fairly limited. The group 'slightly agree', on the other hand, is substantial at 39%. This suggests that a large group of leaders is aware of the need to approach management and leadership differently, and to a limited extent has also started to align leadership practices with the operational way of working.

Of course, a mixed and more nuanced image appears when we look at the details. In part 2, we look at the various activities and practices. In part 3, we look in more detail at four sectors (IT, Government, Financial sector, Healthcare & Welfare).

Part 2

The Practices

Visioning

→

In organizations where fundamental changes are being made (such as a Digital Transformation), having a clear story about where the organization is going and why things need to change is an absolute requirement. Even when there is a feeling that the organization "must" because "the competition is also working on it" or that they feel that they "have no choice", it is important to be able to provide the organization with a so-called 'purpose'. A Deloitte report from 2014[1] shows that organizations with a clear 'purpose' perform better both operationally and financially, and have higher involvement of employees and managers.

Our experience shows that purpose is important, but the ability of the managers to tell an inspiring story is even more important. This is because the purpose is a static point on the horizon, and the story is a dynamic story about why and how one is going to achieve the purpose. The change story is about why the organization must pursue the purpose and why the changes that are necessary to realize the purpose must be worked on quickly.

The survey shows that 71% of the respondents apparently recognize this. They answered positively to the question whether it is clear what their organization stands for, and employees at all levels visibly act accordingly. The 5% of the respondents who strongly disagree with the statement come from the (semi-) government (government and health care).

Leaders must also be able to supplement their story with relevant 'evidence' (indicators) that the organization is on the way to realizing its purpose. This means using a set of recognizable measurements (Key Performance Indicators, KPIs) that tell the story in numbers.

Here we see a different picture than with the 'purpose' of the organization. The respondents are equally divided: 50% of the respondents agree with the fact that their organization uses some KPIs that make it visible to everyone how the organization is performing. 22% indicate that this is not the case within their organization. Only 20% of respondents completely agree with the statement. So, there seem to be few organizations that are able to clearly display their organizational performance for everyone.

---

1   Business Confidence Report, Deloitte 2014

A final component is activating the purpose of the organization in the form of a Change Story. Only 40% of respondents believe that the leaders in the organization tell inspiring change stories, and that employees can repeat the story. Of these, only 7% completely agree with the statement. The leaders (7.5%) and non-leaders (6.5%) are fairly evenly agreed on the (in)ability of leaders to tell a good change story. On the negative side, 30% of non-leaders completely disagree with the statement (on top of the 32% who slightly disagree). This indicates a lack of the storytelling capabilities of leaders.

It is therefore an important task for leaders to improve their skills, so that they are better able to enthuse their organizations in the necessary changes.

Planning

→

It is important to relate (all) business activities to the purpose of the organization in order to achieve the desired objectives. This does not guarantee that the purpose will be met, but the chance of doing so is much greater.

In this activity, we see three important practices. First of all, there must be a multi-year plan (or Long-term plan) for the organization. This gives people (both inside and outside the organization) insight into the ambitions and objectives of the organization. Successful organizations such as Google, Intel and Toyota use a process to realize a multi-year plan that ensures that employees participate in the realization of the long-term plan. They use methods such as Objectives / Key Results or Hoshin Kanri. The use of these types of methods increases the chance that the goals will be achieved. There is also a greater chance of innovative solutions to achieve the goals in new ways. If leaders draw up the plan themselves, a large part of the intellectual capacity of the organization remains unused.

More than 80% of the respondents indicate that the multi-year plan is not or not fully linked to the purpose of the organization, and that employees probably have a limited role in the preparation of the multi-year plan. It is likely that these organizations often look back and see that objectives are not achieved, insufficiently achieved or not achieved on time.

The second practice is the ability of the organization to concretize the multi-year plan into shorter-term actions. We call this 'backlog management'. Backlog management is an organization-wide process of translating ambitions into work that can be carried out. We see that intensive involvement of leaders in carrying out the backlog management process has a very positive effect on the ability of the organization to achieve the goals. The involvement of leaders is less focused on the content (which they have already provided with their change story and long-term plan) but more on managing the 'guard rails' or emphasizing priorities, and obtaining input and commitment from the rest of the organization.

Translating a multi-year plan into work that can actually be carried out is an organization-wide process. Coordination is often needed across various organizational units; are the activities of various teams or departments coordinated in such a way that a coordinated work can be done on a business objective? This is an essential task of leaders. They must coordinate such that dependencies do not lead to delays and ensure that clear agreements are made. They must also ensure that the agreements are fulfilled. The extent to which this happens determines the success of the organization and the level with which goals are achieved. Again, it's much less about the content and much more about the process.

Leaders must therefore mainly guide the process. We see that this is done to a limited extent. Only 11% of respondents completely agree that leaders within their organization take responsibility for the planning process and ensure that teams are involved. Almost three-quarters of the respondents see, to a greater or lesser extent, bright spots in the implementation of this practice in their organization. But there is clearly room for improvement.

Half of the managers take responsibility for prioritizing work to a greater or lesser extent. If too little direction is given and no choices are made by management, this can be at the expense of efficiency. Leaders must spend time on this practice at a later stage, to solve misunderstandings or planning differences. In addition, there is also a chance that work will have to be done over again if it turns out that the wrong thing has been prioritized and another task should have been done earlier. This also does not motivate teams, hence the need to involve teams in the backlog management process.

Finally, we see that there are always very high ambitions at Digital Transformations. This often leads to (sometimes extreme) pressure on employees to achieve goals. By means of capacity planning, the plans and goals must be brought in line with the available capacity. Dissatisfaction among leaders with the speed with which goals are achieved should lead to greater efforts by leaders to solve problems that cause work to be delayed.

Without capacity planning, leaders do not know what they are asking of the organization and therefore do not know whether it is realistic. Only 12% of respondents believe that executives are planning the optimal use of available capacity. So there is room for improvement in many organizations. Striking is the high score (more than 20%) of the respondents who completely disagree with the statement. There is still a significant minority of organizations that, in the eyes of the respondents, do not take into account the available capacity.
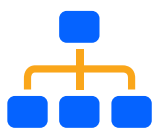
"The single biggest problem in communication is the illusion that it has taken place."

George Bernard Shaw

Cascading

→

Communication within an organization is like the nervous system of the people. If it falters, everything within the organization will falter. Leaders are responsible for setting up, maintaining and improving the communication structures of the organization. The question is: how do we ensure that the right information is in the right place at the right time? Leaders must therefore build a structure of information exchange and ensure that it is as efficient as possible and that the message is unambiguous. In addition, the speed with which communication takes place determines the overall speed of the organization. An organization where meetings are held once a month will act significantly slower than an organization that holds the same meeting weekly or even daily. Experience also shows that the frequently a meeting takes place, the shorter and more efficient it becomes.

Leaders must therefore make an effort to realize a formalized structure (preferably with a high frequency) of information exchange, because in the words of George Bernard Shaw: "The single biggest problem in communication is the illusion that it has taken place."

By building a high-frequency formalized structure, the chance that communication will happen is much greater. Fast and planned communication/information exchange helps to create predictability in the organization. As a result, information reaches the right level of decision-making so that decisions can be made more quickly. One of the effects is that there are fewer escalations because people know how a request for help gets to the right place and when it is dealt with. Experience shows that time-consuming meetings can therefore be reduced or shortened and mainly used for other purposes, such as coaching. In addition, this formalized structure helps to create and maintain a culture in which feedback takes place.

Just over 20% of the respondents give a completely positive answer. More than half (nearly 56%) indicate that they are working on building information flows that have a cadence.

Sharing information on a daily basis is an important part of the cadence. Why would you have conversations on a daily basis? Organizations that are engaged in a digital transformation encounter problems (or 'impediments'). In order to identify and solve these at an early stage, a brief evaluation of where the organization stands in relation to the goals on a daily basis turns out to be very useful. It also offers the opportunity to coach colleagues or teams towards better performance. More than half of the respondents indicated that this is not done or hardly done in their organization. These organizations risk uncovering problems late and they may have already become more serious. In addition, there is less time to solve the problem.

The main ways of communicating are through sight and hearing, where vision is more important than hearing. 50% of our brain is used to process visual information. Successful organizations use this ability to continuously remind people of what needs to be done, how it needs to be done and/or why it needs to be done. This is known as 'visual management'.

Working with visual means thus supports the exchange of information and communication flows. 'Visual means' is a broad concept. These cover all visual support for employees and leaders to ensure they are doing the right things. It is primarily about signs that indicate what work is/should be done, what is its status and who is working on it. But visual means are also used to bring safety regulations, agreements, objectives, performance and other topics to the attention within the organization.

By making the progress of the work and the agreements made visible (e.g. by hanging them on a wall), it is more likely that this information will actually stick. More them 55% of the respondents already agree with this slightly or completely. Especially in the Government and IT sectors, this is already regularly used, also the Healthcare & Welfare sector sometimes applies this.

"By making the progress of the work and the agreements made visible (e.g. by hanging it on a wall), it is more likely that this information will actually stick."

Monitoring

→

One of the biggest changes for leadership in modern organizations, compared to traditional organizations, is the way of interacting with the work floor. We can go a step further: the interaction with the work floor is the basis of the feeling of control. In traditional organizations, the interaction with the work floor is primarily through reports. In modern organizations, we see that leaders get much of their information by actually going out on the work floor and gaining information firsthand. A term for this practice is 'gemba walk'.

The covid pandemic has made the process of doing a gemba walk more difficult. Previously, it was easy to just go into the work floor to see what was happening. Leaders have had to learn a new ways of doing this. The practice itself is the same. How you carry it out and the planning that precedes it is different when the interaction is mainly digital.

The research shows that more than half of the managers are not present enough on the work floor. In fact, less than 9% of respondents say they see the work floor as their primary source of information. There is often many meetings, which means that the 'gemba walk' does not happen. By being visible on the work floor, leaders better understand what is going on in the work floor and what the employees encounter. This could help enormously to make better choices. Recent research[2] shows that it is not so much employment conditions that increase the effectiveness of employees; the key is engagement and appreciation. Engagement is a 'two-way street'. If an organization wants employees to get involved, then the company - in the form of its leaders - must be involved with the employees. And this is where leaders who go the work floor make the difference.

One of the important aspects that leaders should look for when they enter the work floor are impediments. More than 17% of the respondents indicate that this absolutely does not happen in their organizations. The non-leaders think that monitoring can be a lot better than how it is currently done. About 12% of respondents completely agree with the statement that leaders are aware of impediments and ensure that they are resolved at the right level. This last addition often presents the problem. Leaders tend to try to solve work floor impediments while the teams should be solving these problems. Leaders should focus on the organizational or systemic issues that are often the source of impediments or issues on the work floor. The gemba walk often provides insight into the work floor problems. These must be analyzed by leaders to understand the root cause.

2   https://www.zippia.com/advice/leadership-statistics/

Continuous improvement (also called 'kaizen') has two goals: To improve the delivery of value and to reduce waste; doing both leads to better output and reduced costs at the same time. Kaizen comes in two guises, daily and improvement. Daily kaizen is about making small daily improvements. Improvement kaizen is about solving the more difficult problems that often need a little more research than the small daily improvements.

The daily improvement is systematically done by more than 9% of the respondents. Worryingly, only 40% agree slightly or completely with the statement. Daily improvement is certainly not yet a habit for the majority of respondents. There is still much to be gained by organizations.

"By being visible on the work floor, leaders better understand what is going on in the work floor and what the employees encounter."

Developing

→

Leaders must provide an environment in which people can develop. With the term 'people' we explicitly mean both employees and leaders. The world of organizations has developed so fast in recent years that it has become indispensable to help people develop. One of the ways leaders can stimulate people's development is by building teams in which people learn from each other. Again, this concerns both operational teams in which employees deliver value to customers, and leadership teams in which the systemic management of the organization is organized.

Other opportunities that leaders have to help people develop is by having them solve problems and by delegating work to them. The latter also often results in more responsibility at lower levels in the organization. This usually benefits the faster delivery of value. Of course, formal training can also contribute to the development of people (leaders and employees), but the actual application of what has been learned yields the most. Often, much attention is given to employee training and too little to the education and development of leaders.

Almost 60% of the respondents agree somewhat or completely with the statement that leaders support teams in achieving goals and recognizing dysfunctional behavior. This means that dysfunctional behaviour is tackled, for example, through feedback and coaching. Dysfunctional behavior often arises with stress, excessive work pressure or ambiguity. Leaders must learn to detect these behaviors at an early stage. If leaders also act to reduce dysfunctional behavior for the benefit of team performance and team happiness, employee satisfaction improves. And this also benefits the performance to customers.

As mentioned, delegation is a way to help people develop. Half of the respondents indicate that this does not or hardly ever happens. In modern organizations, many tasks that were previously done by managers, e.g. planning, distributing work, prioritizing, are now delegated to the operational teams. Some leaders keep doing these tasks. When leaders stick to these tasks in the extreme, we call them "micromanagers." As a result, leaders do not get around to the tasks that they should actually do and that are much needed, such as promoting continuous improvement, determining the course of the organization, thinking and investigating how the system can be changed to achieve higher productivity with less effort. Coaching employees also requires time from leaders and is not always done sufficiently.

In order to have room to experiment with activities that have not been done before, a culture is needed in which making mistakes is not punished. In just under 70% of the cases, respondents say that the organization stimulates this to a greater or lesser extent.

Organizing

→

One of the jobs of leaders is to make sure that the right people are in the right places. In a word: organize. Leaders choose where human effort is needed and to what extent. The basis of modern organizations is 'the team'. Whether it is a leadership team, an operational team or a knowledge team, all the work is done from within a team. There are a number of important reasons for the importance of teams: through multidisciplinary teams we are able to respond to a greater diversity of (customer) issues, teams ensure better decision-making, teams also ensure continuity in the delivery of value and teams create a challenging environment for the development of people (leaders and employees).

Organizations often work with 'shared resources' (people who work in multiple teams) or multiple teams within an area of expertise must contribute to particular work. It is therefore important to map out these dependencies and to make agreements to deal with them. This process needs to be facilitated and, sometimes, leaders are involved. More than 60% of those surveyed agree to a greater or lesser extent. Dependencies cause waste. The main types of waste are: work-in-progress, waiting times, errors and rework and the lack of specific skills. Leaders must therefore set up the organization in such a way that there are as few dependencies as possible.

Modern organizations think and work in value streams. A value stream is a series of activities that ensure that a customer's question is converted into the requested value, as quickly and simply as possible. It is therefore the intention that teams are organized in such a way (by the leaders) that the work system functions without interruptions and other waste. The consequence is that the functional organization of people is converted into a multidisciplinary organization.

More than half of the respondents do not see that leaders in their organization organize teams in such a way that delivery of value takes place as quickly as possible. In fact, only 9% of the respondents completely agree with the statement. This is a clear indication of the current state ofour organizations: too little attention to organizing work so that customer value can easily be delivered. There are many opportunities here for improving both the working environment of employees and the ability of the organization to deliver more and more meaningful value to customers.

Stable teams that continuously remove barriers grow in their ability to deliver more and more efficiently. These do not have to be major changes, every step in the right direction helps. This is one of the worst-scoring areas: less than 7% of respondents indicate that they adapt the organization in small steps to remove obstacles. More than half (52%) of the respondents indicate that this does not or hardly happens in their organization.

Part 3

Sectors

Sectors differ in their development

→

The results of this research show that there are both small and large differences in the development of leadership activities in the sectors of government, IT, finance and healthcare.

In a general sense, it can be said that the characteristics of digital leadership are most strongly developed in the IT sector. This is not surprising because the movement towards agility and thus digital leadership have begun in this sector. Other sectors have seen the — predominantly positive — effects of this movement and have started to focus on making their own organizations agile and digital.

Based on the percentages of respondents who agree (agree slightly / completely agree) with the statement, we ranked the sectors. This ranking shows that of the 18 statements, the first places are equally divided between finance, healthcare and IT — 6 first places each. The difference is mainly made by the nine second places and the lack of fourth places of the IT sector. Unfortunately, government scores heavily in third and fourth places.
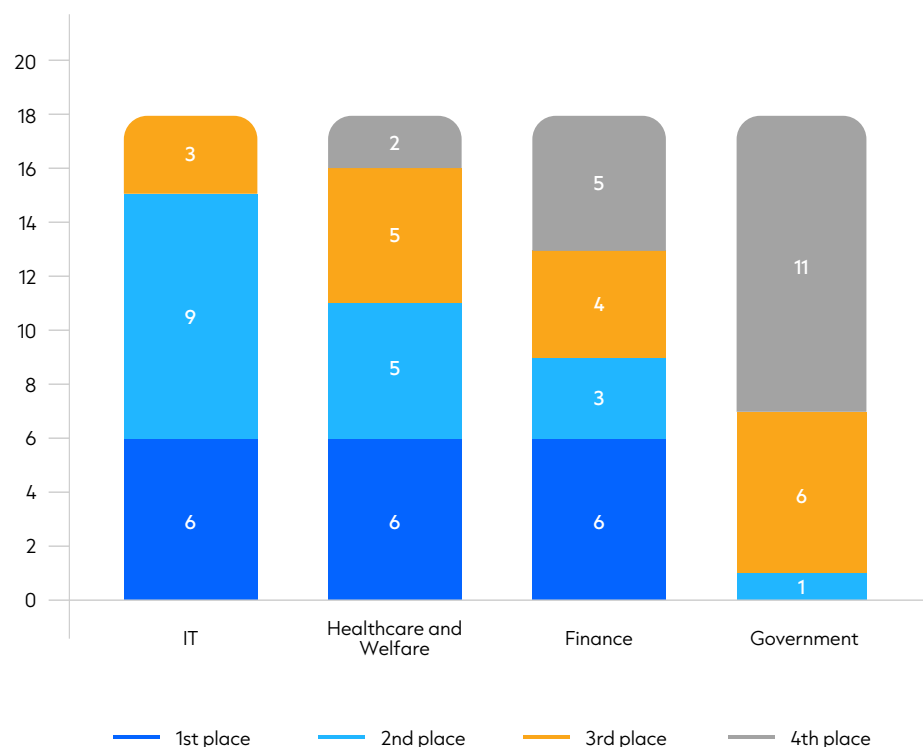
One of the most important outcomes and similarities is that within all sectors leadership is not seen as a 'team sport'. In addition, IT leads the way (60% Agree with the statement) and the government brings up the rear with 40% agree with the statement. Finance and healthcare are in the middle with 50% agree/disagree. 'Functioning as a team' is one of the most important, if not THE most important, characteristic of digital leadership.

Government

The government sector consists of units that have executive, legislative and judicial powers at national or regional level. They thus have the power to impose taxes and other compulsory levies and to enact laws. This influences the behavior of these organizations.

The government respondents give answers to many of the generic statements that are close to the average. This concerns aspects such as space to give a differing opinion, trust between people in the organization and appreciation from the environment. Where government stands out in a positive sense is room to learn. Two aspects score significantly lower than the other sectors: 1) the extent to which leadership functions as a team and 2) the extent to which people commit to agreed objectives. Less than 5% of the respondents answered 'completely agree' to these statements.

The majority (60%) answered with 'strongly disagree' or 'slightly disagree' to the statement 'leadership functions as a team'. We see here the effect of the way in which the government is organized. As a manager, you get your own area of responsibility and mandate. This leads to a lot of compartmentalization and little need to work with each other. This is one of the aspects where leadership teams in government can achieve major improvements.

Customer satisfaction is estimated to be fairly positive. Three-quarters of the respondents indicate that they think that customers are satisfied . This is somewhat put into perspective by the fact that less than 5% say they think customers are 'very' satisfied.

Striking in the results are the lack of positive responses around the theme of vision. The government respondents are the least positive about the ability of leaders to explain what the organization stands for, to translate this into a limited set of KPIs and then to tell an inspiring story about it. In comparison with the other sectors, the public sector scores low on these statements. Only 1.5% of the respondents 'completely agree' with the statement "Managers in our organization have inspiring change stories." Interesting is the fact that government organizations have a social task that can be important for the people who work there. Leaders need to be more in tune with this.

The use of KPIs has traditionally been a difficult topic within the government. Determining the right performance indicators is often more difficult than it initially seems, certainly if there is a social function that should lead to a feeling among citizens (e.g. security, freedom, protection). Often this requires more brainpower and creativity than there is time for (or is taken).

In modern organizations, a multi-year plan is drawn up from the mission or 'purpose' of the organization, with a contribution from the employees. In the government, people are used to receiving the long-term plan from 'above'. This is reflected in the predominantly negative responses; more than 55% of the respondents indicate that they are hardly or little involved in the realization of the multi-year plan.

Leaders in government overwhelmingly do not see the work floor as their primary source of information. 43% of respondents agree with this statement. Non-management respondents are even less positive than respondents in management roles. There are great opportunities here for leaders in government to both obtain better information and improve the connection between leaders and the work floor. Compared to the other practices, this research shows that the use of visual means is used relatively often within the government; 69% of government respondents agree with the statement. On the other hand, we see that leaders probably make little use of visual management because little attention is paid to the work floor and there appears to be little encouragement for improvement from the leaders. 6% of the respondents completely agree with the statement, while 29% disagree completely and 50% of the non-management respondents. So there is still a lot to be won here.

Delegating also appears to be difficult in the government. A large majority (57%) disagree with the statement 'All activities that can be better carried out by someone else are delegated by leaders. Leaders actively coach the employees who take on these tasks.' and less than 5% completely agree with the statement. Here, too, there are opportunities for leaders when it comes to encouraging engagement and development.

Organizing is also a tricky topic in government. The responses indicate that thinking and working in value streams, organizing in teams and solving dependencies between teams are not high on the agenda. In all cases, the 'completely agree' response rate is around 5%. There is a lot to be said for maintaining the organization as it is, but organizations in the government also need to move with developments in other sectors. The biggest danger is that younger people on the labour market no longer want to work for these types of organisations.

Organizations in the public sector are clearly lagging behind other sectors. One positive aspect is that there are many examples of organizations from which governmental organizations can learn.

Healthcare & Welfare

This sector is very diverse: from hospitals and nursing homes to care farms and university medical centers. It employs around 1.2 million people and the sector has a higher absenteeism rate than average. In addition, there is a growing number of self-employed people active in the sector. This makes the challenge for leaders all the greater. In healthcare institutions within and outside the Netherlands, there is plenty of experimentation with modern working methods, especially Lean and Agile. The question is: how do leaders respond to the lessons learned.

From the respondents, we see very positive feedback in a number of areas. When it comes to space to learn, trust between people, the space to give a differing opinion and the feeling of appreciation, we see that in all areas around 90% of the respondents indicate that they 'partly' or 'completely agree'. In all cases, no one indicates that they 'completely disagree'.

On the other hand, only 5% of the respondents think that they are 'completely' committed to agreed objectives. More than 7% of the respondents also indicate that the leadership actually functions as team.

Everyone who works in healthcare knows what their organization stands for: the provision of good care. This is clear from the answers to the statement: "It is clear what the organization stands for. Employees, at every level in the organization, visibly act accordingly." Almost 50% of the respondents completely agree with the statement. The doubt is in the second sentence of the statement; that everyone acts accordingly. Many healthcare organizations are not yet professional organizations, clear guidance on where the organization is going and what everyone's role is, is often lacking.

Healthcare scores highest in the use of KPIs. The high score probably captures that there are many rules and administrative requirements that result in figures. Many managers manage budgets, number of patients and capacity. These are aspects that are known, but how the organization really performs is less known, and this is what the KPIs are about— the ability to achieve the strategic organizational objectives. So it remains to be seen whether KPIs are actually used or whether there is simply an excess of measurements.

In healthcare - as in the other sectors - we see that leaders are not known for their ability to tell an inspiring change story. Almost 7% completely agree with the statement. 40% slightly agree with the statement - in other words, there are bright spots to be recognized, but not yet enough. There is also a need for improvement in capacity planning. Only 7% of the respondents think that managers look at capacity and make optimal use of it.

On the other hand, we see that the role of leaders in guiding the planning process is viewed more positively in healthcare than in all other sectors (59% agree – slightly or completely - with the statement). There may be a feeling that teams are better involved in this process than in other sectors.

Leaders in healthcare are themselves less satisfied with having daily conversations about the expected and realized performance. On the basis of the frequently heard complaint "too little time", it was expected that this score would be worse. 60% of the responders disagreed with the statement 'Daily conversations take place in varying compositions about the expected and realised performance'. There is also room for improvement when it comes to the use of visual means to make the work and problems more transparent. Around 56% of the respondents indicate that visual means are used at all.

A very interesting outcome is that of the use of the work floor as a primary source of information. We see that managers say that this is happening but on the other hand, the employees indicate that this is not happening (72% of the management respondents agree with the statement while 100% of the non-management respondents disagree). From empirical research we see that organizations are organized in such a way that the agendas of managers are full all day long, managers do not have time to enter into conversations, to observe what is happening in the work floor. They would like to do this more, but this is really too little. There is clearly a point for improvement in healthcare here. We see the same contradiction with the statement "Managers are aware of obstacles, problems, issues that performance and the ability to continuously improve are in the picture." Here too, 100% of the non-management respondents disagree with the statement, while the management respondents are more positive in this area (72% agree with the statement).

One area where there is considerable agreement on the need for improvement is the area of daily improvement. 70% of all respondents disagree with the statement including 64% of management respondents. Here too, time pressure is cited as a reason not to do it, while time pressure is precisely the reason to have to improve daily - because with improvements you usually also save time. Healthcare scores the lowest of all sectors in this area.

Another area in which healthcare leaders need to become proficient is thinking and organizing in the areas of value streams. 3% of respondents completely agree with the statement. More than 43% agree with the statement, but this mainly concerns management respondents. The non-management respondents strongly disagree with their management of colleagues.

It is clear that there are areas where healthcare leaders have an edge over their peers in other sectors. At the same time, there are certainly still steps to be made for leaders when it comes to adopting practices that ensure that the positive sides of the culture can grow. And "lack of time" is not an argument.

IT

The IT sector includes all suppliers of products and services in the field of information technology. According to Statistics Netherlands, a total of 537,000 people worked as IT professionals in the first quarter of 2022. A year earlier, there were still 474,000. The IT labour market is struggling with increasing labour shortages, which means attention to employees will benefit IT organizations.

The IT sector is the sector where the biggest changes have taken place in the field of working methods in recent years. It is therefore logical that consciously or unconsciously leaders have adapted their own working methods.
Within IT, we see that the 'space to learn' is highly valued. 90% of the respondents answer 'slightly agree' or 'fully agree', while no one indicates 'fully disagree'. The feeling that there is trust between people in the organization is also very high (also compared to other sectors). 82% indicate that they experience trust 'slightly' or 'fully'. The same percentage indicates that they have room to give a differing opinion.

In the IT sector, we see that a number of practices are reasonably well embedded, particularly planning, visual management and problem-solving. In the case of problem-solving, non-management respondents are less enthusiastic about this practice (50% completely disagree with the statement about problem-solving).

The high score on planning is not surprising since the introduction of methods such as Lean Portfolio Management and Program Increment Planning. These methods are quite widely used. That said, 'only' 31% of respondents completely agree with the statement. So there is still a way to go before all organizations in the IT sector use a recognizable planning process. Visual management is also something that is often seen within IT. Nearly 70% of the respondents agree with the statement, of which more than 30% completely agree. Another practice that IT is better at than other sectors is building teams. Here too, 70% of the respondents agree (slightly or completely) with the statement. At the same time, non-management respondents are less positive (50% disagree completely) than their management colleagues.

Good steps are clearly being taken in these areas, but there is also much to be gained.

There are also areas where IT can still improve. There is a limited group that is impressed by the change stories of their leaders. About one-fifth of the respondents indicate that they completely agree with the statement about the change story. Also, the ability of leaders to gain information from the work floor is scored moderately (only 15% completely agree). In both cases, the non-management respondents are not impressed by the efforts of the executives (50% completely disagree with the statement).

Dependencies between organizational units are widespread within the IT sector. Dependencies are one of the main reasons for delays in projects and other work. Here we see an interesting picture. 80% of the managers feel that they are doing something about it (80% completely or slightly agree) while of the non-management respondents 70% completely or slightly disagree with the statement. We conclude that leaders think they are doing something about solving dependencies, but there is hardly any effect felt on the work floor. We see the same picture when ensuring daily improvements: the leaders feel that they do quite a lot about it, but the effect on the work floor is very limited. In capacity planning, 23% of respondents agree with the statement. Here too, we see that 70% of the managers are positive about this aspect, but again more than 80% of the non-management respondents disagree with the statement.

These scores confirm that leaders to a limited extent get their information from the work floor (as mentioned above) would otherwise be more aware that a number of practices do not lead to the desired effects. Having said that the Covid-related movement to work more from home (or other locations) makes the task of leaders to be in touch with the work floor quite a challenge.

"We conclude that leaders think they are doing something about solving dependencies, but there is hardly any effect felt on the work floor."

Financial sector

The financial sector consists of institutions that ensure that consumers can pay, save, borrow and insure, such as banks, insurers and pension funds. This sector is rapidly digitizing, making financial institutions increasingly similar to IT organizations. The use of agile methodologies is, presumably as a result of the rapid digitization, commonplace in large parts of the financial world.

The respondents from the financial sector indicate that there is a lot of room to learn. Almost 60% indicate that this is the case. This is the highest of all sectors. Given the major shifts taking place in the financial sector – from traditional to digital – this outcome is understandable. The majority of respondents also experience appreciation for what they do (85% slightly or completely agree with the statement). It is remarkable that not all respondents answered with 'completely' since it is precisely in this sector that employees earn above average, there is a good work-life balance and substantial room to grow. In fact, 77% of the respondents indicate that the rating is sufficient. Perhaps the aforementioned elements are not enough to score 'completely'.

Relatively few respondents experience that their leaders function as a team. Within this sector, it often happens that domains within an organization compete against each other and are not aligned with each other. Individual domain effort predominates. This is supported by the fact that there is a lot of attention for reducing dependencies between teams. More than 80% of the respondents indicate that reducing dependencies is done slightly or completely. This is by far the highest score compared to other sectors (contrast with Government: 49%).

In addition, organizations in this sector deal with compliance demands from regulators, which can differ per department. This also ensures a greater distance between departments. This probably has an effect on the appreciation that people experience. There is a perception that customers are satisfied. Few customers change their financial institutions; customer satisfaction may therefore be experienced more positively than is actually the case. Of the four sectors, the financial sector has the highest score on 'slightly disagree' or 'completely disagree' (together 23%).

Much attention has clearly been paid to the changing circumstances of the financial sector. The appreciation for the ability of leaders to make clear what the organization stands for is substantial; the financial sector scores second highest. What is remarkable is that non-management respondents feel that management is doing better than the managers themselves (respectively 55% and 18% completely agree). On the other hand, telling an inspiring story about the organization is not widely reflected within the financial sector. More respondents disagree (than agree) with the statement about change stories. This probably has to do with the fact that managers in this sector are trained in operational efficiency; that's the most important thing. Telling an inspiring story is less important, this is not a required trait for leaders. Leaders in this sector are measured more by team performance and metrics. The latter is somewhat supported by the presence of performance indicators; the financial sector scores high compared to other sectors when it comes to the presence of KPIs.

Some non-management respondents disagree with the statement that managers take responsibility for the process of prioritising work. This can be explained by the developments at team level in recent times. Within this sector, we see a strong preference for self-managing teams with their own backlogs. Responsibility for prioritizing the work lies with the teams. Managers play an decreasing role in this activity. At the same time, the importance of involving leaders in this process is essential to ensure that the huge demand on the sector is managed.

Somewhat surprising is the outcome that leaders make relatively little use of visual means to achieve transparency in the work and problems within the organization. In the financial sector, we see a very clear and solid development in the field of visual management looking at how teams organize themselves and how they work together. Many agile teams use visual boards to make their work transparent and to ensure transparency. Given this outcome, we had expected that visual aids would also be used more by managers.

The results around the fact that the work floor is the primary source of information for the leaders to know what is going on in the organization are also striking (50% agree with the statement; though only 6% completely agree). Especially when these are combined with the fact that only 31% of the respondents agree with the statement "Managers are aware of obstacles, problems, issues that stand in the way of performance and the ability to continuously improve." This is remarkably low (only 31% agree with the statement) compared to other sectors. It would be expected that managers are more aware of all problems and issues that arise, thanks to using the work floor as a primary source of information. Looking at the results, it seems that this awareness is not sufficient among the leaders.

Delegation is also an issue within the financial sector. The answers are balanced 50% (dis)agree with the statement. Strikingly, 75% of the non-management respondents think that there is enough delegation while 25% management respondents say that they agree with the statement (and no one completely agrees).

So there are certainly areas where the leaders within the financial sector perform well, but there is a way to go before they are running their organizations in a modern way.

Next Steps ...

→

Managers rate themselves better/higher than their non-management colleagues. It is important to realize that as a leader you are not alone, that you do not have to do everything alone, but that the rest of the organization (employees and fellow leaders) can help. Involve employees in what is going on, start the conversation.

Managers generally sit in meetings a lot, but need to be much more visible on the work floor to know what is going on and to determine what improvements are needed. Seek interaction with employees, start a dialogue and use input from the work floor for improvements and innovations. The healthcare sector is already doing considerably better in this area than the other sectors. Perhaps they have the advantage because they receive direct feedback from patients when something is not going well. Implement short feedback loops as a tool to identify whether sufficient progress/continuous improvement is being made.

Mission for Leaders

It is important to realize how your organization is doing and which specific points for improvement there are. From the research, we see that the greatest gains can be made on the following aspects:

1.

Changing the way of management - more from the work floor, stimulating more daily improvements, more action on impediments.

2.

Making planning participatory - more involvement of teams in formulating longer-term plans and planning work, also taking more clearly into account and, at the same time, making better use of the available capacity.

3.

Improving information sharing - more use of visual management, and ensuring that communication structures are focused on the rapid sharing of information and barriers.

These improvements must be addressed by leadership teams in order to achieve the consistency of leadership. This consistency is extremely important in times of substantial change. If the working method in the work floor changes, then things must also change in the way of leading.

How to proceed

- Make sure that the leadership team has a fixed (2-)weekly meeting in which the leadership system is discussed. This is essential for progress. We expect operational teams to regularly talk to each other about their way of working; why does this almost not happen with leadership team?.
- Choose an activity in which you want to improve as a team. Realize that you are working on improving a system and that improving one aspect will not immediately lead to huge improvements; the whole system must be better.
- Start small, make changes in small steps, but take steps continuously. Bigger changes come about by taking small steps toward your goal. Evaluate every change.
- Do not try to improve everything at once, but focus as a leadership team on one goal. Big Bang doesn't work for the leadership system!
- Link concrete actions to each improvement. Make the actions visible to everyone within the organization.

As mentioned, the IT sector is the furthest or most developed in many areas. Take a look and talk to each other to learn from these organizations.

Experienced in a wide range of industries

ABOUT ERANEOS

As a global Management & Technology Consultancy Group, Eraneos supports organisations in not only designing but successfully implementing a future-proof digital transformation strategy that can make an ever-lasting impact.

By listening to what businesses want and understanding their needs, we can fast-track and embed transformation with ease by aligning people with technology, processes and leadership, effortlessly.

Knowing your industry, technology and local context alongside a global perspective, gives us the advantage you need to succeed.

It's this deep understanding that enables us to shape and implement strategic transformation within your organisation while providing the best service. That's why our customers trust us with even the most complex of challenges, from strategic digital transformation in finance to the ethical application of A.I. in healthcare.

We don't just listen to your needs, we understand them. We're more than ready to help you realise your potential in the digital age.

Contact us >

Our offices >

Visit our website >