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Evaluation and Development of Strategic Leaders

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Introduction

In his March 1997 report to the Prime Minister¹ of his review of leadership and management of the Canadian Forces (CF), The Honourable M. Douglas Young, Minister of National Defence (MND), states that a new personnel appraisal system is to be implemented including formal merit boards for promotion to 2- and 3-star rank². In addition, for the first time, these boards will include a high-ranking public servant from outside the Department of National Defence.

In the second year of transition in meeting this MND direction, the Chief of the Defence Staff (CDS) has issued a letter³ noting the progress to-date and providing detailed guidance for the performance evaluation of the CF's most senior officers. While the standard Performance Evaluation Report (PER) form is to be used, the CDS issued a unique set of "competencies/criteria" that the 3-stars and their DND civilian colleagues "may find useful" in reporting on their subordinates. In addition, senior officers are to be

¹ Young, The Honourable M. Douglas, Leadership and Management of the Canadian Forces, Government of Canada, March 25, 1997. 19

² That is, promotion to major-general (MGen)/rear-admiral (RAdm) and lieutenant-general (LGen)/vice-admiral (VAdm) rank. Along with brigadier-general (BGen)/commodore (Cmdre) (or 1-star) and general (Gen) or (4-star) these constitute the ranks of the general and flag officers of the CF. The terms general officer, flag officer, senior officer, executive and strategic leader(ship) will be used interchangeably in this paper for variety.

³ Baril, General J.M.G., Evaluation Reports – Senior Officers, National Defence Headquarters, 30 Apr 99

assessed on their achievement of corporate objectives as stated in the Departmental Business Plan.

With its emphasis on “competencies” and achievement of formal objectives, the evaluation of senior officers departs significantly from the practice used for officers below general rank. Why this departure? Are strategic leaders so different from their juniors that their performance must be evaluated in a different way?

This paper will explore these and related questions to demonstrate the what, why, and how of executive evaluation, leading to a preliminary assessment of the steps the CF has taken to put increased meaning and value into its strategic leader evaluation system.

This aim will be achieved through a sampling of research into the vast and growing field of academic and industry writings on executive performance evaluation. These sources contain much which is pertinent to the military profession but, reassuringly, they also confirm in their recent “discoveries” much of what armed forces have known for decades and for which the military was often the original source. This is not to equate industry with government or not-for-profit enterprises but rather to identify, through a limited examination of the extensive literature on the subject, that there are trends and practices that the CF would do well to follow closely.

Terminology

For the purposes of this paper “executive” or “strategic” leaders are deemed to be the upper echelons of the hierarchy charged with the responsibility of imparting the highest level vision or direction for the whole organization. In the CF context, strategic leaders include the ranks of Generals/Flag Officers while the rank of Colonel/Captain (N) can be seen as a transitional stage from the tactical level.

“Leadership” is deemed to encompass the notion of management of people and resources as well as imparting the motivation to perform the will of the leader.

“Evaluation” connotes a measurement of performance, or behaviour, against a standard, which permits the relative comparison of one leader against another

WHAT – the Nature and Practice of Strategic Leader Evaluation

There has been a great deal of written on performance evaluation and evaluation theory. There is much less written on the evaluation of senior leaders, as until recently they were not believed to need evaluation or development. In academic and industrial writings there was even doubt whether it was important to study strategic leaders. More recently the argument has emerged that selecting and developing the very best senior leaders is vital, since their successes or mistakes will have disproportionate impact on the viability of the

organization. This approach comes naturally to military forces as we have always tended to place our senior leaders on a pedestal and are well aware of the consequences of faulty leadership. The military has a more entrenched culture of “great captains” than does the civilian sector.

But evaluating the performance of executive, or strategic, leaders has long been a topic shrouded in mystery and controversy⁴. The need for collegiality, the small numbers of powerful personalities involved, and the predominance of interpersonal politics all contribute to the phenomenon. Despite the political nature of executive evaluation⁵, the benefits can be numerous. Performance appraisal can increase motivation, foster productivity, improve communications, and encourage personal growth and development, as well as helping to resolve work-related problems. A good evaluation system can be used confidently as a basis for promotion, transfer, contract termination, training and development.

Mystery, benefit, a useful tool; many questions are raised on the subject of strategic leadership evaluation. One is compelled to ask: Is it important? Can it indeed be done in an accurate way? How can the results be put to use?

⁴ Graddick, Mirian M. and Lane, Pamela “Evaluating Executive Performance”. In J.W. Smither (Ed.), Performance Appraisal: State of the Art in Practice, San Francisco: Jossey-Bass Publishers, 1998, 370, 397

⁵ Graddick and Lane, 382

WHY? – The Benefits of Performance Evaluation

A performance evaluation system can be expected to do several things, although multiple aims may find themselves in conflict. For example, in years past, performance evaluation has been used in the CF to select people for courses, appointments and promotions, and to motivate by rewarding past performance with verbal “strokes”. Realizing the flaws inherent in this approach, in 1998 the CF introduced the new Canadian Forces Personnel Appraisal System (CFPAS). One of the major features of the CFPAS was to separate the assessment of performance from the measurement of potential as a means of deconflicting some of these aims⁶.

A valid and efficient leadership evaluation system can be expected to accurately determine the relative value of a cohort of leaders, allowing an organization to direct training, determine salaries, and make decisions on placement, promotion or discharge⁷, i.e. manage its leadership resource. Other benefits of a well-accepted evaluation system are in the areas of motivation, growth and development, and the strengthening of supervisor – subordinate relations.

There is much controversy in the literature over the value and validity of evaluation. If, as stated in one view, “...leadership... is merely a simplistic explanation for complex events

⁶ Handbook for the Canadian Forces Personnel Appraisal System (CFPAS), National Defence, p.3

⁷ Muchinsky, Paul M. Psychology Applied to Work (University of North Carolina, 1997) 213

that we are unable to understand.⁸”, then what is the point in trying to evaluate or develop leaders? The dominant view, however, is that there is “... a clear link between transformational leadership competencies and firm (organization) performance.⁹ Yukl states that “In recent years, the attention of many leadership theorists has shifted to executives and the top management team.¹⁰” He too points out the controversy over the ability of leaders to affect organization performance.

Another important concept, which at first appears counter-intuitive, is that what people do, rather than what they achieve, is what is important. This concept says that the right behaviour, over time, will achieve the desired result. In other words, judging performance simply by examining “the bottom line” and ascribing it to an individual, is futile. This argument is based on the fact that an individual, particularly at the strategic level, does not have complete control over results.¹¹ The CEO who happens to ride an increasing market to high profitability but who pursues counter-productive leadership practices will be detrimental to the organization in the long term. Historically, the military has often reversed this equation. Success in war (achievement) has been the *sine qua non* for advancement with negative aspects of the individual’s behaviour being excused against a record of success.

⁸ Yukl, Gary “Leadership in Organizations” (Upper Saddle River: 1998), 433

⁹ Graddick and Lane, “Evaluating Executive Performance” 373

¹⁰ Yukl, 409

¹¹ Campbell et al, “A Theory of Performance”, in Schnitt, Borman and Associates Personnel Selection in Organizations (San Francisco: 1993) 46

Putting this in a more balanced way, Graddick and Lane state "... how executives carry out their activities is as important as what they accomplish."¹² They also remark that how to weigh behaviour and competency objectives, is not well defined. Nonetheless, it is evident that it is important to overcome "... the common managerial belief that managing performance is primarily managing individual excellence."¹³

So, it is apparent that the right kind of executive behaviour is important. The next question is how the desired behaviour to be achieved?

HOW? - Evaluation for Behaviour Modification

"That which gets measured gets done"¹⁴

A performance evaluation system is known to be a powerful modifier of behaviour. By formally stating the criteria against which strategic leaders will be judged, the organization is sending the strongest possible signal of what it deems to be important. Therefore the importance of selecting the correct evaluation criteria, or executive competencies, is readily apparent. "Confusion and trouble"¹⁵ will result if an organization's goals are different from those used to judge performance.

¹² Graddick and Lane, 379

¹³ Graddick and Lane, 378

¹⁴ as quoted by Dr Gary Latham, lecture to NSSC 1, CFC Toronto, 7 Apr 99

¹⁵ Campbell et al, 40

It is vital that the culture of the organization be such that the formal standards of behaviour set by the appraisal system coincide with the informal signals the individual receives. Any gap will correctly be read as “political correctness” or hypocrisy.

The literature suggests what seems a bewildering array of desired behaviours for strategic leaders. On closer study, common features appear which tend to reinforce the fundamental competencies. A selection of behaviours is collated at Annex A. Each column of the Annex lists the key executive competencies promoted by the source named at the top of the column. Where similar ideas are put forward, they are aligned horizontally. The reader will notice considerable consonance of concept in the contemporary literature. In comparison, the majority of the competencies listed in the pre-1998 Performance Evaluation Report (PER) were directed towards individual excellence while the post-1998 model is a tentative move towards team building and change management. The competencies contained in the CDS guidance¹⁶ are fully modern and forward thinking in complete accord with current writings.

Having carefully selected the leadership competencies that accurately reflect organizational goals, there are several methods¹⁷ these can be applied to the individual being rated:

¹⁶ Baril, General J.M.G., Evaluation Reports – Senior Officers, National Defence Headquarters, 30 Apr 99

¹⁷ Muchinsky, 222

- Graphic rating scales – this is exemplified in the pre-1998 PER form. This method is known to be prone to “halo” errors, leniency and central tendency in the assignment of score values.
- Employee comparison – this is a good method for very small groups but not applicable in the total CF context. It may apply for MGen or LGen but even the number of BGen is too great to apply this method efficiently.
- Behavioural checklists – this method is characterized by word pictures as in the post-1998 CFPAS PER.

Other methods are known, but all have in common that they attempt to “objectivize” an inherently subjective process. Only the very simplest of tasks can be measured truly objectively (e.g. so many widgets produced to specification per time unit).

Expert judgement is important but individual ratings can easily be “contaminated”. Best results are achieved when multiple raters are used.¹⁸ When raters have received formal training in the process, the accuracy of the appraisals and their acceptability is enhanced.¹⁹ Raters who were held accountable for their own rating performance produced more accurate results.²⁰

¹⁸ Campbell et al, 53

¹⁹ Muchinsky, 232

Other evaluation methods that have proven useful are the self-assessment and the multi-rater or 360⁰ assessment approaches. The former is best used for individual development²¹ rather than appraisal, but must be accompanied by some form of “reality check”.²² The latter is also best used for development but is said by some also to have application to appraisal²³ especially when combined²⁴ with customer feedback, climate surveys, feedback from work processes, and letters from other stakeholders.²⁵ It is important to note that most sources advocate complete separation between performance evaluation and personal development.

An important innovation for the highest level of the corporate hierarchy is the concept of an “outside director” being brought in as a detached observer or evaluator²⁶ to bring a stronger perception of objectivity to what is necessarily a very small group. In some cases this has been extended to a longer term “coach” or “mentor” relationship²⁷ to continue the

²⁰ Muchinsky, 234

²¹ Graddick and Lane, 389

²² Muchinsky, 235

²³ Hambrick, D.C. and Mason, P.A. “Upper Echelons – The Organization as a Reflection of Its Top Managers” *Academy of management Review* 9 (1984) 399

²⁴ Graddick and Lane, 392

²⁵ Hall, Mary-jo, “Changing the Way We Assess Leadership”, *Acquisition Review Quarterly*, Vol 4 No 4 (Fall 1997) 400

²⁶ Graddick and Lane, 384

²⁷ Graddick and Lane, 391

personal development after the appraisal process has been completed. In the Canadian Forces context this suggests the loan of senior officials (up to ADM, DM) across departmental boundaries, retired CF flag officers and professional executive coaches to take part in appraisal and mentoring. This would provide the benefit of the detached observer but, if carried to its logical conclusion, would also provide for an unprecedented degree of cross-pollination that should benefit the whole government apparatus.

Industry Practice

The literature is full of compelling examples of major corporations with well-developed senior executive appraisal and development programmes. But industry practice is far from homogeneous. Many companies have no programme at all and all are concerned with the costs of a comprehensive programme. These wide variances should not be too off-putting. The traditional model has been discredited as ineffective and a poor value.²⁸ In considering a programme for the strategic leadership of the CF, it is important to study private sector examples judged worthy of emulation and trust our own very considerable corporate knowledge and experience in assessing and developing leaders.

Deficiencies and Consequences of Past CF practices

How do the emerging private sector trends compare with past practice in the CF?

In recent years, at least, Capt (N)/Col PERs were handled identically to those of more junior officers. Generals were assessed using the same PER form less the score values (as for CWOs). Most recently formal merit/selection boards have been convened for BGens, but the files of officers above that rank were handled informally by as few as two or three LGens with the CDS.²⁹

The lack of a well-known and transparent strategic leader evaluation system can promote careerism, arbitrary selection, cronyism and dissatisfaction. Everyone needs to know the rules governing their advancement. At the least, CF past practice represents a missed opportunity to provide a more structured personal development system for the most critical executives in the department. The old system was inauditable and could be open to challenge on the grounds that without rules, independent observers (the “honest broker”) or other checks and balances, that it is no system at all but just a cover for arbitrary selection. Formal appraisal has been shown to be more accurate, fair, and useful for all concerned.³⁰

A Proposal for the Canadian Forces

Military professionals consider themselves expert at personnel management. A cursory search of the current literature belies this assumption. While the 1998 CFPAS and the

²⁹ Discussions with ADM(HR-Mil) staff. Knowledge is anecdotal.

³⁰ Muchinsky

CDS letter³¹ are steps towards aligning evaluation criteria with the desired competencies, the equally important aspect of individual development is not catered to at all.

It would be beneficial for the CF to:

- Continue to increase corporate knowledge of private sector practice in strategic leader evaluation and development;
- Provide executive leaders with the tools (and the time) to pursue an integrated programme of continuing self-development throughout their career. Executives must learn to learn. Leaders must continually improve themselves to improve their organization.³² Their success at achieving this essential process should be measured and evaluated.
- In addition to self-development, strategic level leaders need to engage in mutual development based on discussions, exercises, and simulations (not just lectures).³³

³¹ Baril, General J.M.G., Evaluation Reports – Senior Officers, National Defence Headquarters, 30 Apr 99

³² Hall, 401, 402

³³ Vicere, Albert A. “Executive Education: The Leading Edge” Organizational Dynamics (Autumn, 1996), 69 (recommended learning methodologies sound much like NSSC1)

Conclusion

If the CF does not get the best possible senior/executive/strategic leaders, then it cannot optimize its accomplishments. If senior leadership is not at least competent, it is even likely to fail. In a military organization this is can be disastrous.

Throughout the literature certain principles continue to be emphasized:

- Selection and development of strategic leaders is important
- It is more important to measure behaviour than accomplishment
- Measurement is a powerful motivator and culture change agent. Zealots respond to a vision, but the behaviour of the masses moves with measurement & reward.
- The measured behaviour and the ideals of an organization must coincide
- Selection and personal development should not be done in the same process

With the realization that continuous learning helps build successful executive leaders, the popularity of executive education and appraisal continues to grow.³⁴ As the private sector has come to understand the importance of the work done by senior executives, it was noticed that this was the group for whom performance reviews were the least frequent and systematic. Indeed, it becomes apparent that executives need performance reviews

³⁴ Vicere, 67

more than any other group, when one considers the serious consequences for the organization of ineffective executive performance.³⁵ A vital component and complement of appraisal is the development of the executive – the need to help the individual executive gain a deeper understanding of him/herself.³⁶

The personnel appraisal system will only serve CF needs if it is measuring the behaviour desired by the CF. Vision statements, however inspired they may be, do not just happen by hanging them on the wall. To bring them to life, it is necessary to measure the extent that leaders are “living” them. In short, if transformational leadership and culture change are what is desired then those are exactly the behaviours that must be measured.

³⁵ Graddick and Lane, 371

³⁶ Vicere, 68

Annex A

To “Evaluation and Development of Strategic Leaders”

Desired Behaviour / Executive Leadership Competencies (from research sources)			
Graddick and Lane³⁷	Graddick and Lane³⁸	Campbell et al³⁹	Yukl⁴⁰

Like concepts are aligned horizontally in this table so keywords do not appear in the same order as in the original reference.

For text of Annex see: s:\nssc\seminar papers\fitch_sem17_final_anxA.doc

For printing purposes, Annex A is in landscape format on legal size paper

For references use “view footnotes/endnotes” or see page 17 of the present document

(below)

³⁷ Graddick and Lane, 386

³⁸ Graddick and Lane, 386

³⁹ Campbell et al,45

⁴⁰ Yukl, 412

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