



global focus

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Outstanding and impactful partnerships between
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Building the new RBS

Leadership development at the heart of the group's long-term recovery plan

Recovering the group's business and reputation

In February 2009, RBS announced the details of a Strategic Plan that would allow the bank to recover from its crisis, making the group safer, stronger, more efficient and profitable on a long-term basis.

RBS was in an extraordinarily vulnerable position at that time. The UK government had to rescue it so it could stay in business, the share price fell to 10p and it reported a £24 billion loss to the stock market.

Morale among senior managers and executives was diminished; there was a culture of single-minded pursuit of targets and goals; poor business decisions had been taken and consequently a better approach to understanding and managing risk was vital.

And significantly, the leaders had relied on decisions being made at the very top of the organisation. But if you're not leading you won't make the right decisions.

The Strategic Plan focused on three main principles: "creating value" and "reducing risk" underpinned by a distinct cultural change in leadership style, enabling a more open and thoughtful approach to decision-making.

Building the development plan that would deliver the Strategic Plan

Development programmes are all too often cut at times of crisis but RBS put great weight and energy into its development plan becoming a central element of one of the most significant recovery plans in corporate history. The primary objectives of the Leadership Development Programme (LDP) were:

- Equip our leaders to understand, execute and sustain the strategic business plan at both group and divisional levels
- Provide an opportunity to challenge the business plan and build ownership of, and accountability for, the delivery of the strategic business plan
- Develop leaders' analytical skills and their ability to think strategically
- Promote disciplined and effective collaborative working across the group to improve business performance.
- Establish and reinforce common leadership language and behaviours.

There was agreement between all parties that the LDP lent itself primarily to a workshop approach. However, the two modules required quite different approaches due to the contrasting levels of insight around the topics.





Managing for Value Creation involved reasonably high-level theories and concepts – INSEAD’s faculty demonstrated how to create value and, perhaps more importantly, how to avoid destroying value.

Meanwhile Wharton found that there was already strength, process and focus given to traditional risk management in the bank – such as credit risk, market risk, liquidity risk, operational risk and reputational risk. They needed to help RBS leaders to question what was missing, to see how those risks were systemically interconnected and to help them understand that managing risk is everyone’s responsibility, not just people with “risk” in their job title.

Partner helps to question what was missing

By late 2009 RBS had run four pilot programmes, identified its preferred academic partners and was refining content ready for full rollout in early 2010. By the start of 2011 almost 700 participants had completed the programme, creating momentum within the organisation for significant cultural change. The February 2011 full-year results also indicated that the business was ahead of schedule on its recovery plan.



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By the end of July 2011, 1,100 executives were expected to have completed the LDP involving 33 cohorts, 66 core 2.5 day modules mainly at the RBS Business School in Edinburgh.

RBS’s academic partners, two of the world’s leading business schools, also delivered modules – at the INSEAD campus in Singapore and at Wharton Executive Education in Pennsylvania to accommodate global leadership populations cost effectively.

Leaders are applying what they have learned

More than three-quarters of LDP alumni reported that they are applying key concepts from the programme. An independent evaluation also scored the LDP at the top end or above the benchmark indicators for “relevancy”,



Building the new RBS

“personal impact” and “likelihood to recommend”. In fact, 84% or more of the LDP alumni reported a change in their ability in line with the goals of the program.

These findings indicate that the programme has changed participants’ perspectives of their role as leaders within RBS and, importantly, it has equipped RBS leaders with new skills that were directly linked to the group’s longer-term recovery plan.

Beyond the key elements of the programme’s content and the importance its impact has to play on the business’s recovery plan, notable features of the LDP that make it stand out are:

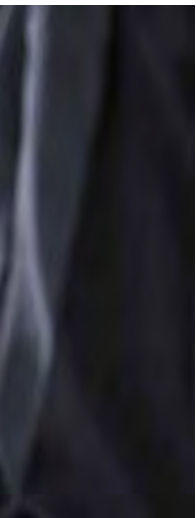
- The commitment to a major leadership programme at such a critical and unprecedented moment in the business’s history
- The sheer size of the programme is impressive
 - to get the top 1,100 executives in a global organisation to participate in the LDP is not an easy task; the logistical requirements of getting busy people to take six days out of their schedule cannot be understated; the ability of the academic providers to get their key faculty in place to support such a rate of modules is equally challenging. But the real importance of the participation size is that it enables change in the organisation
- The speed at which the programme was conceived, designed and implemented. It has taken less than two years for the LDP to be first proposed, the key elements identified, pilots run, academic partners engaged, content refined and 700-plus senior leaders participating. This can only be achieved through powerful sponsorship from the highest level, excellent administration and finally...



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– Extraordinary collaboration and trust and transparency between the client and academic partners. Wharton Client Director, Eric Weiner, says he “got ‘religion’ on what a real trusted advisor relationship is....when problems arose...volcanic ash...faculty in hospital...they were addressed head-on in a collaborative way...they treated us as a partner and not a vendor...their success was ours”

The recovery of RBS will undoubtedly be one of the biggest and most complex transformations ever seen. Halfway into its five-year plan, RBS has made good progress rebuilding itself, but the real value of the programme may only really become apparent some years from now when the impact of the content and delivery are absorbed into the RBS culture.

Comment

This edited review by Emerald Publishing is based on “RBS Leadership Development Programme” by Peter McGrath, Eric Weiner and Mark Roberts. The paper – a winning submission to the European Foundation for Management Development’s Excellence in Practice Awards – describes the design and implementation of a development programme for Royal Bank of Scotland leaders at a critical point in the global financial institution’s history – the bank’s rescue by the UK government and its CEO Sir Fred Goodwin’s fall from grace.