

**MANAGEMENT DEVELOPMENT STRATEGY
IN THE FINANCIAL SECTOR**

Management Development Strategy in the Financial Sector

Malcolm Higgs

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To Jacki, Paul and Katie

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Preface

In my work in the field of management development, I was, for many years, frustrated by the lack of impact which the process appeared to have within the companies for which I worked.

Reflecting on this, it occurred to me that what I called management development was, in fact, no more than management training and education. Frequently I had built these programmes on an academic, or idealised, view of the nature of managerial jobs and their working environments. This realisation led to a fundamental rethinking of my views on the nature and function of management development. I concluded that management development needs to be seen as an integral part of business strategy, if it is to have any significant impact on business performance. It has to be rooted in the reality of the business environment and to be far broader in its focus than the traditional combination of management training, education and succession planning.

Having arrived at this conclusion it became necessary to sell the concept to senior management. The experience of doing this, in a number of organisations, was frequently a frustrating one. However, after a number of years it became apparent that the concept was much more readily 'bought' in situations where the organisation was faced with major changes in its business environment, or significant changes in business strategy.

Over the last few years this pattern has been clear in the financial sector. I have encountered an increasing level of interest in management development by senior management. There has appeared a growing recognition of a need to convert the phrase 'people are important to our business' into practice. This shift in thinking clearly results from the increasing levels of uncertainty and challenge emanating from the rapid, and far-reaching, changes taking place in the sector.

The change in my own views as a management development practitioner, combined with the change in senior management perceptions, played an important part in giving rise to producing this book. It seemed both useful and necessary to encapture and articulate these changes in thinking, and to examine management development strategies which are appropriate for organisations in

the new, and still volatile and highly competitive, financial sector environment.

The changes described were, however, only one part of the process which led to this book. The other major driving force resulted from numerous discussions I had with people responsible for management development within financial organisations. Many of these people were clearly articulating the need for fundamental changes in management development strategy. These needs were seen as pressing, if their organisations were to survive in a difficult climate. At the same time many of those I spoke to felt frustrated by their organisations' reluctance to take on board the concept of management development becoming an integrated part of the business planning process. This provided the final stimulus necessary to put pen to paper in the hope that the messages could be widely disseminated, and support others' efforts to bring about a necessary change in thinking.

Many of the people I have discussed management development strategy with have provided valuable insights into, and views on, the process of development in financial organisations. Of all of those I have spoken to, I am particularly grateful to Melvyn Howell (Management Development Manager, Midland Bank) and Anika Sandström (Director, Wallenberg Institute of Skandinaviska Enskilda Banken) for the insights which they provided into both the development process, and the way in which banks need to respond to changes in their markets.

Having reached the decision to write a book, which encapsulated the need for a change in management development thinking in the financial sector, I faced the problem of deciding how to approach the topic. Although I had my own views and experience (based on consulting with financial sector organisations) to draw on, I was keen to test them out and produce a picture showing current thinking and practice within organisations. I was also keen to examine the thinking and practice from the viewpoint of both senior management and management development practitioners. This inevitably led to the conclusion that I would need to talk to people in a range of organisations in the sector.

In selecting organisations to approach I resisted the temptation to adopt an 'Excellence' format. The aim was to obtain views from a reasonable cross-section of organisations which would, to an extent, reflect the wide diversity of organisations operating within the sector.

The avoidance of an 'Excellence' format by no means implies that the companies selected are not excellent ones. Clearly many of them are. The framework adopted was chosen in order to avoid any implication that there is only one approach to effective management development; also to establish that, although practice may vary widely, there are a number of common threads in thinking on development strategy.

I am very grateful to all of those who contributed to the discussions and freely gave up much time to them. As there were so many involved I have acknowledged their contribution separately. However, I would, at this stage, particularly like to thank Derek Day, of Alexander Howden Management Services, who spent many hours discussing not only his organisation's strategy, but also the overall picture in the financial sector and the approach to developing the book.

I must also thank my wife, Jacki, who undertook the mammoth task of typing the manuscript. More importantly she provided critical comment, support, encouragement and regular reminders of the need to complete the task!

I hope that the result of the time invested, by all concerned, in producing this book is a view of management development strategy which will stimulate the thinking of both senior management and management development practitioners in the financial sector. Changes in development strategy and practice are needed in the sector. I am convinced that if these changes are made, they will contribute to the development of stronger and more effectively managed organisations, which will be able to perform well in a difficult and volatile market.

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MALCOLM HIGGS

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