Maximizing the Triple Bottom Line & Spiritual Leadership: The CEL Story

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Abstract

One of the greatest challenges facing leaders today is the need to develop new business models that accentuate leadership, employee well-being, and sustainability without sacrificing profitability, revenue growth, and other indicators of financial performance. This article seeks to address top managers' need to simultaneously maximize the so-called triple bottom line, or "People, Planet, Profit." In doing so, we draw from the emerging fields of workplace spirituality, spiritual leadership, and performance excellence to present a spiritual leadership balanced scorecard business model to simultaneously optimize employee well-being, social responsibility, organizational commitment, and financial performance. Research conducted with the Centre for Excellence in Leadership (CEL) is offered as a case study of a company that may serve as a role model for organizational spiritual leadership as key to maximizing the triple bottom line.

Maximizing the Triple Bottom Line & Spiritual Leadership:
The CEL Story

Enron Corp., Arthur Andersen, Tyco International, WorldCom Inc. and, more recently, Bear Stearns, Lehman Brothers, and Madoff Investments LLC are but a few of the many scandals that have cast a chilling pall over the way business is conducted. These companies have given people the perception that corporations are amoral, corrupt, care little for their employees' well-being, and lack both ethical leadership and a sense of social responsibility. Michael Douglas' Oscar winning performance in *Wall Street* claiming that "greed is good" still appears to be the mantra of most businesses big and small.

Leaders of admired organizations, such as General Electric Co., Starbucks Corp. and Southwest Airlines Co., have adopted a stakeholder approach to managing strategic issues facing their firms. Leaders of these organizations acknowledge that various stakeholders all have a legitimate moral stake in the organization's performance. Key stakeholders often have the power to negatively affect organizational performance if their expectations are not met. Each of these stakeholders may have different values and interests. The fundamental problem for top management is how to maximize performance, while at the same time meeting the needs and safeguarding the rights of its stakeholders.

A business model is a description of the value a company offers to one or several sets of customers. It is the architecture of the firm and the network of partners/stakeholders. One of the greatest challenges facing leaders today is the need to develop new business models that accentuate employee well-being, sustainability and corporate social responsibility (CSR) without sacrificing profitability, revenue growth, and other indicators of financial performance. Companies, such as SAS Institute, Google, Shell Oil Co., NEC Corp., and Procter & Gamble

Co., are committed to developing these business models. These companies believe this can be done without sacrificing profitability, revenue growth, and other areas of financial and performance excellence. In effect, they are experimenting with new business models and adopting sustainable business strategies that have a positive economic, social, and environmental impact, often referred to as the triple bottom line or, "People, Planet, and Profit."

Spiritual leadership is an emerging paradigm that has the potential to guide organizational transformation and development of positive organizations that maximize the triple bottom line (Fry & Slocum, 2008). The theory of spiritual leadership was developed from an intrinsic motivation model that incorporates hope/faith, vision, and altruistic love. Spiritual leadership taps into the fundamental needs of both leader and follower for spiritual well-being through (1) calling or a sense that one's life has meaning, purpose, and makes a difference and (2) membership or a sense that one is understood, appreciated, and accepted unconditionally. The purpose of spiritual leadership is to create vision and value congruence across the individual, empowered team, and organization levels and, ultimately, foster higher levels of organizational commitment and productivity whereby human well-being, corporate social responsibility, and organizational performance (the triple bottom line) can not only coexist, but be maximized.

This paper addresses top managers' need to maximize the so-called triple bottom line. In doing so, we draw from the emerging fields of workplace spirituality, spiritual leadership, and performance excellence and offer a spiritual leadership balanced scorecard business model. Research conducted with the Centre for Excellence in Leadership of England is offered as a case study of a company that may serve as a business model for maximizing the triple bottom line through organizational spiritual leadership to simultaneously optimize employee well-being, corporate social responsibility, organizational commitment, and financial performance.

SPIRITUAL LEADERSHIP

Spiritual leadership (SL) can be viewed as an emerging paradigm within the broader context of workplace spirituality (Fry, 2003, 2005, 2008). Over the last ten years, spiritual leadership has been studied and tested in a diverse range of organizations including schools, military units, city governments, police, and for profit organizations (Fry & Matherly, 2006a: Fry, Nisiewicz, Vitucci, & Cedillo, 2007a; Fry, Nisiewicz, Vitucci, & Cedillo, 2007b; Fry, Vitucci, & Cedillo, 2005; Malone & Fry, 2003). These studies have found support for the spiritual leadership causal model and the general reliability and validity of its measures. Findings to date include a significant positive influence of spiritual leadership on employee life satisfaction, organizational commitment and productivity, and sales growth.

Spiritual leadership involves motivating and inspiring workers through a transcendent vision and a corporate culture based on altruistic values to produce a highly motivated, committed and productive workforce. A general model of spiritual leadership is given in Figure 1. As shown, spiritual leadership emerges from the interaction of altruistic love, vision, and hope/faith in organizational members. The emergence of spiritual leadership then taps into the fundamental needs of both leader and followers for their spiritual well-being through enhancing their sense of calling and membership. As shown, spiritual well-being (i.e. calling and membership) then fosters higher levels of organizational commitment and productivity, satisfaction with life, sustainability, and financial performance.

Having an inner life practice is also hypothesized to positively influence spiritual leadership. Vaill refers to inner life as "the feeling individuals have about the fundamental meaning of who they are, what they are doing, and the contributions they are making" (1998, p. 218). Duchon and Plowman (2005) found that work unit performance is positively related to

work unit spirituality. In addition, they found that workplace spirituality is associated with the leader's ability to personally incorporate as well as enable/support the unit workers' inner life or spiritual practice. The source of spiritual leadership is an inner life or spiritual practice (see Figure 1) that, as a fundamental source of inspiration and insight, positively influences development of (1) hope/faith in a transcendent vision of service to key stakeholders, and (2) the values of altruistic love (See Table 1). Having a sense of calling and for membership through one's work is central to spiritual leadership. Essential to spiritual leadership are the key processes of:

1. Creating a vision wherein leaders and followers experience a sense of calling so that their lives have meaning and make a difference; and

2. Establishing a social/organizational culture based on the values of altruistic love whereby leaders and followers have a sense of membership, feel understood and appreciated, and have genuine care, concern, and appreciation for <u>BOTH</u> self and others.

Spiritual leadership involves motivating and inspiring workers through a vision and a culture based in altruistic values to create a more motivated, committed and productive workforce. Spiritual leadership therefore requires, "doing what it takes" through faith in a clear, compelling vision which produces a sense of calling – that part of spiritual well-being that gives one a sense of making a difference and, therefore, that one's life has meaning. Vision and hope/faith add belief, conviction, trust, and action to achieve the vision. Thus, spiritual leadership generates hope/faith in the organization's vision that keeps followers looking forward to the future.

Spiritual leadership also requires that an organization's culture be based on values of altruistic love. This must be demonstrated through leaders' attitudes and behavior and produces a sense of membership – that part of spiritual well-being that gives one a sense of being

understood and appreciated. The dimensions of spiritual leadership and the process of satisfying spiritual needs for spiritual well-being then positively impact the key individual and organizational outcomes that comprise the triple bottom line are shown in Figure 1.

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Insert Figure 1 about here

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THE TRIPLE BOTTOM LINE

Emphasis on social environmental and economic sustainability has become a focus of many CSR efforts. In 1987, the World Commission on Environment and Development published a landmark action plan for environmental sustainability. The commission defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their needs." Companies are now challenged by stakeholders including customers, employees, investors and activists to develop a blueprint for how they will sustain economic prosperity while taking care of their employees and the environment.

Socially responsible companies such as the Body Shop, Timberline, Proctor and Gamble (P&G), Weleda, Starbucks, and Ben and Jerry's are widely acknowledged for having vision and values that go beyond short-term profit while growing a sustainable enterprise that also places great emphasis on employee well-being. These organizations demonstrate the qualities of spiritual leadership that positively increases spiritual well-being and, ultimately, produces increases in employee well-being, sustainability, and performance excellence - the triple bottom line or people, planet, and profit.

People. In terms of people or enhancing employee well-being, Mainstream medical research during the last 20 years tends to support a positive relationship between spirituality and health

and has begun to recognize the power of spirituality in maintaining health. (Mathews, Larson, & Barry, 1994; Zellars & Perrewe, 2003). Therefore, individuals in work groups that experience high levels of spiritual well-being have higher levels of positive human health, psychological well-being, and life satisfaction (Fry, 2005; Ryff and Singer (2001). More specifically, they would have a higher regard for one's self and one's past life, good-quality relationships with others, a sense that life is purposeful and meaningful, the capacity to effectively manage one's surrounding world, the ability to follow inner convictions, and a sense of continuing growth and self-realization.

Planet. Attending to the sustainability of our planet requires an ongoing commitment to corporate social responsibility (CSR) that rests on the underlying assumption inherent in stakeholder theory (Freeman, 1984) - that overall organizational effectiveness (including profits and shareholder value) is a function of meeting or exceeding the expectations of key stakeholders. A stakeholder is any individual, group or organization that has a stake in the organization's performance. The spiritual leadership model requires transparent organizational processes (e.g., performance appraisal) and an emphasis on vision and value congruence across the strategic, empowered team, and individual levels. Organizations based in the vision and values of service and love inherent in spiritual leadership are dedicated to being socially responsible in exceeding the expectations of key stakeholders (Byrne, 2002; Fry, 2005).

CSR that is driven by spiritual well-being both feeds into and flows from the attainment of goals consistent with the values of spiritual leadership and the need for the organization and its workers to function in society as a whole (Paloutzian, Emmons, & Keortge, 2003). Spiritual well-being, however, is not obtained by striving for it directly. Organizational members cannot experience a sense of spiritual well-being by trying to manufacture it. It is not produced when a

company focuses on its monetary goals, but instead occurs when leadership first establishes a healthy workplace culture grounded in altruistic values and transcendent goals. When members of an organization have a sense of belonging (membership) and a commitment to a common purpose (calling), the organization as a whole is more successful in meeting or exceeding key stakeholder expectations.

Profit. Relative to financial performance, the intrinsic motivation process in spiritual leadership that is based on vision (performance), altruistic love (reward) and hope/faith (effort) results in an increase in ones sense of spiritual well-being (e.g. calling and membership) and ultimately increases in two key organizational outcomes that positively influence financial performance:

1. Organizational commitment – People with a sense of calling and membership will become attached, loyal to, and want to stay in organizations that have cultures based on the values of altruistic love, and

2. Productivity and continuous improvement (Fairholm (1998) – People who have hope/faith in the organization's vision and who experience calling and membership will "Do what it takes" in pursuit of the vision to continuously improve and be more Productive.

There are examples of companies that place great emphasis on triple bottom line outcomes. The Body Shop is a successful international company selling high Quality natural skin and hair products. The company explicitly embraces spiritual principles and holds to high principles of social justice, straight talk, socially responsible activism, volunteerism and environmental sustainability, which inspires its stakeholders – employees, vendors, customers, and the communities it touches – locally and globally. Timberland, the 1.5 billion manufacturer and retailer of rugged, outdoor-tested, environmentally-conscious gear for men, women and kids, is an organization of creative, hard working people who share a deep belief that people united in service can change the world. Their core values of humanity, humility, integrity, and excellence

are the foundation for everything they do every day as they endeavor to make their communities better places to live.

THE SPIRITUAL LEADERSHIP BALANCED SCORECARD BUSINESS MODEL

The field of performance excellence has established the need to go beyond reporting financial metrics, such as profit, to include nonfinancial predictors of financial performance such as customer satisfaction, organizational outputs such as quality and delivery, process or internal operating measures, and employee commitment and growth. A Balanced Scorecard (See Figure 2) reports strategic performance indicators, for which quantifiable performance objectives have been established, that have been derived from the firm's strategic plan in areas such as quality and internal, customer focus, human resources and finance (Fry & Matherly, 2006). By examining monthly trend data and performance vs. targets, performance gaps can be identified that, if closed, will provide the firm with competitive advantage.

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Insert Figure 2 about here

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Drawing from the Total Quality Management, Baldrige Program and Balanced Scorecard perspectives, Matherly, Fry & Ouimet (2006) introduced a framework for linking leading and lagging indicators to the strategic management process in order to develop a spiritual leadership balanced scorecard business model. In Figure 3, the strategic management process is shown beginning with the development of a mission and vision, followed by an internal and external analysis, which results in strategic action plans and objectives. These objectives are the basis for the measures that are selected on a balanced scorecard. Generally, the more strategic the level of the scorecard in the organizational chart, the more results oriented and lagging are the specific

measures that are reported in the scorecard. For example, a firm's quality, delivery and costs are leading indicators of customer satisfaction, which in turn, impact financial performance. These outputs are key factors in determining customer satisfaction, which in turn affects financial performance.

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Insert Figure 3 about here
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Both Kaplan and Norton (1992) and Baldrige (Mahoney & Thor, 1994) recognize the essential and pivotal role that employees play in the achievement of quality and internal, operational results that then impact customer satisfaction and financial results. In fact, Kaplan and Norton (1996) assert that the learning and growth perspective is *the* driver for achieving performance outcomes in the other categories. Three principal categories, that demonstrate a firm's commitment to investing in the capability of their employees, systems and organizational processes, are included in the learning and growth perspective: 1. employee capabilities, 2. information system capabilities and 3. motivation, empowerment, and alignment.

Likewise, the Baldrige Award Criteria (2004) recognize that the knowledge, skills, creativity and motivation of all employees is central to an organization's success; therefore, valuing employees by committing to employee development, learning and well-being will result in higher quality products and services. According to Baldrige, organizational and personal learning will lead to a more flexible, responsive and efficient organization, which will result in a sustainable distinctive competency and market advantage. Of these performance categories, employee commitment is the central and leading indicator of these other performance categories; in other words, a high degree of workplace spirituality, spiritual leadership, and spiritual well-

being are drivers of organizational commitment and productivity, which ultimately drives the level of quality products and service. This then leads to high levels of customer satisfaction and, ultimately, financial performance in terms of profits and sales growth.

In sum, the spiritual leadership balanced scorecard business model depicted in Figure 3 is a driver of the triple bottom line. Spiritual leadership utilizes a vision and values-driven stakeholder approach and is initiated at the strategic level by developing a vision whereby strategic leaders and/or followers are socially responsible (CSR) in serving key stakeholders (Fry, 2005). This vision must vividly portray a journey which, when undertaken, will give organizational members a sense of calling, of one's life having meaning and making a difference. The vision then forms the basis for the social construction of the organization's culture and the ethical system and values underlying it. In spiritual leadership, these values are prescribed and form the basis for altruistic love so that leaders and followers have care and concern for one another. In doing so, they instill a sense of membership, of being understood and appreciated. Satisfaction of calling and membership leads to spiritual well-being, which produces high levels of organizational commitment and life satisfaction. Highly committed employees are challenged to persevere, be tenacious, do what it takes, and pursue excellence by doing their best in achieving challenging goals through hope and faith in the vision, their leaders and themselves. These employees, fueled by spiritual leadership that satisfies their needs for calling and membership, then drive productivity and performance excellence in organizational processes. This produces quality products and services that generates high levels of customer satisfaction, which in turn positively impacts financial performance.

THE CENTRE FOR EXCELLENCE IN LEADERSHIP: AN EXAMPLE OF THE SPIRITUAL LEADERSHIP BALANCED SCORECARD BUSINESS MODEL

Research conducted with the Centre for Excellence in Leadership (CEL) is offered as a case study of an organization and its leader (CEO), Lynne Sedgmore, that can serve as a role model for organizational spiritual leadership as key to maximizing the triple bottom line. There is no better example of a public sector organization that has embraced organizational spiritual leadership, the values of altruistic love, employee well-being, and sustainability while maintaining high levels of financial performance.

The Centre for Excellence in Leadership (CEL) was launched in October 2003 as a key national agency funded by the UK Secretary of State within the *Success for All* initiative. CEL's charge was to foster and support leadership improvement, reform, and transformation throughout the learning and skills sector. This is the Further Education system (FE) funded by the UK government comprising 600,000 staff, 7 million learners, 400 colleges, and 2000 workplace training organizations.

In its roughly five years of existence, more than 1,160 different organizations and nearly 40,000 individual participants have engaged with CEL. From 1 October 2008, CEL and the Quality Improvement Agency (QIA) merged to form a new sector-owned organization dedicated to supporting excellence and leadership development in the further education and skills sector.

Phase One – Oct 2003 to April 2004: Set Up and Disarray

CEL was formed initially through a national bidding process in 2003 commissioned by the then DFES, Department for Education and Skills, now DIUS, Department for Innovation, Universities and Skills. Bids for the creation of this organization to set up a new national leadership centre for FE were solicited. Ostensibly, the purpose of this new organization was to raise the bar of leadership for Principals, senior staff and middle managers. This was to be a significant intervention in bringing the English Further Education Colleges to world class

standards. The business model was a company, funded by contract, limited by shares, with an independent board and relatively autonomous from Government. CEL was intended to be experimental in creating a new form of organization and becoming financially self sufficient..

It was launched officially on 8th October 2003 by Margaret Hodge – the then Education Minister and Anita Roddick, CEO of the Body Shop. The winning team was a partnership of – Learning and Skills Development Agency (LSDA), Lancaster University Business School (LUMS), and the Ashridge Business School. This partnership was considered a massive coup in that such prestigious organizations would be supporting and developing FE, although there was some resentment in FE circles that Higher Education (HE) organizations were being brought in to sort FE out. There is a long running issue that FE is considered lesser than HE when in fact in terms of on the ground practice and delivery of leadership, management of change, responsive organizations and being flexible, FE is way ahead of HE.

CEL was led initially by an interim CEO (from the Further Education Development Agency) and a senior team made up from the 3 partners. The Board members were made up from two of the partner organizations. CEL was initially funded by the DFES, the English Education Department with a budget of £14m over 3 years and given annual targets of 500 participants per annum and customer satisfaction of 75%. Its main target was to achieve 1,500 participants by March 2006, on specified annual budgets of £6.2m in year 1, £5.8m in year 2, and £2m in year 3. CEL also had a significant target of having to be financially self-sufficient by March 2006.

The partners had never worked together before and were on a deep learning curve but between them they had a massive pool of leadership expertise and resources. While in theory all this was a wonderful vision and possibility there were a number of issues that created a range of difficulties from the beginning. The Centre was committed to carrying out innovative research

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into leadership and management across the Learning and Skills Sector, and committed £3 million of its £14 million to this end.. This was a complex time for CEL as it was a new experiment and lacked a unifying vision and strong experience of partnership working between the 3 partners.. Everyone was on assignment; no one was employed directly by CEL.

The interim CEO had never been in a CEO role before. It became clear that he struggled with pulling the new senior team together and all the incentives, financial and otherwise were geared to encouraging loyalty and commitment to the partners rather than to CEL. All the first years funding was paid to Partners in development costs with only 90 participants going through programs from October to April. The new CEL project was potentially high risk and so staff remained committed to the perks and positions within their home/host organizations.

There were also serious conflicts between the partners on leadership pedagogy, nature of programs, the nature of research, commitment to the sector and on who should/could dominate and be the lead partner. The CEO was not able, with the team, to surface any of these tensions. The team never held a CEL corporate perspective and worked primarily based on self and partner interests, which is the antithesis of a service organization. Partners frequently used their own organizational names when working with participants rather than the CEL name and brand. Participants consistently fed back that they experienced 3 separate organizations not one.

Another complication was that the FE Colleges felt resentful that two Higher Education organizations had been brought in to "sort out" their leadership when there was a strong desire and belief that the sector could do this for themselves. The sector sensed that the CEL partners were not sector committed and as a result had very low trust and belief that CEL could be effective..

As a Ministerial project overtly supported at the Ministerial and Secretary of State level, politically the CEL project had to be seen to be successful. However, the governmental pump priming amount of £14m was public knowledge and so FE Colleges were reluctant to pay fees to the CEL partner organizations and felt they were being "fleeced" by Higher Education (HE), a sector much wealthier and better funded than FE. Achievements by April 2004 were dismal at best:

- 90 participants vs target of 500
- All of the £6.2m spent
- No assets owned by CEL
- Most of the income paid to partners for development work
- Management team created from senior staff of partners but not working collectively as a CEL team, main motivation for staff lay in creating value for partners
- Major research programme initiated and themes decided for £3m investment over 3 years
- No additional income secured, 100% dependency on government funding
- Only 5 product lines in place

Phase Two: A New CEO – April 2004 to March 2006: From Recovery to Repair and Trust

A new CEO, Lynne Sedgmore CBE, was appointed in December 2003 – to take up post April 2004. The CEO was a Principal (college president) from the FE sector, who was well known and well respected. Lynne received the CBE award (Most Excellent Order of the British Empire) in Jan 2004 for services to Further Education. She was a popular choice and everyone believed that she would "fix" the problem and do so in a manner and style congruent with sector values. She had entered the sector in 1980 and had strong and powerful networks. She was well known for publicly stating her love of the sector and her love of learning and of learners. She had a strong track record of success in leading colleges and a good reputation as a leadership thinker as well as a practicing leader. She knew that she had the trust and mandate of a majority of the sector.

Despite all the issues, she viewed her new role as her "dream job" and she had a huge appetite and passion to make this long awaited Leadership Centre a success, and to make a real difference to the sector leaders and performance. Indeed, her love and passion for the possibility of the new centre, CEL, was the core drive of tackling all the difficult issues involved in this new role, as she had a strong sense of an injustice being done to the sector and her colleagues by the partners.

She especially drew on her strong inner life and spiritual awareness and she held a strong and clear vision of how the centre could be, and the difference and impact it could make. She had been thinking about and preparing for this role for 18 months. In a retreat in Sri Lanka in the summer of 2003 while meditating she experienced a powerful and strong vision of CEL and her role as a spiritual leader. She then worked up and wrote a powerful and clear vision and set of aims for CEL which resonated within her own mind and soul. She had also gone on another retreat in October 2003, before the interview, to ascertain if her desire for the job was based primarily in ego needs or was the next "aligned" role for her, and the next step on her spiritual path as a Karma Yogi and servant leader. After much soul and spirit searching she felt strongly that this was a role she wanted for the right reasons and that it would enable her to continue her spiritual growth and development, as well as make a contribution to the sector and her profession.

It was this spiritual " knowing" and certainty that enabled her to tackle and withstand the incredibly complex, difficult and painful experiences of the first 12 months of this new role. Lynne undertook a pre-appointment analysis by talking to staff and analyzing all CEL information, which affirmed what auditors had found through a "red alert" audit in March 2004 that disclosed major issues of:

- Financial compliance
- Lack of assets in CEL
- Low value for money
- Potential conflict of interest in governance structures l
- No staff employed by CEL
- Contract overly favourable to partners
- Tensions and lack of trust in working relations

Upon starting work in April 2004, Lynne insisted on being the first employee directly employed by CEL even though her employment conditions were less favorable than being employed by one of the partners. She then attempted to develop an overarching corporate vision and team values. However partner interests overrode continuously and resulted in too much game playing. After 6 months she decided to free up the partners and to allow the silos to focus on areas of strength and to abandon a corporate approach in the interest of achieving targets. CEL vision, values and aims were established with minimum consultation due to silos structure, partner mentality, and the need to achieve targets in order not to be closed down in the following year. (Leading The Way, 2004). These were written by the CEO with input from the Chair, senior team, and those few staff she could trust. She consistently made it clear this was NOT her preferred leadership style but the circumstances demanded it since, without delivery CEL and a powerful document for the sector, CEL would not continue beyond March 2006. She asked for trust on the matter and promised to be held to account in the next phase of CEL if her style did not change.

CEL's VISION :

- *"to improve the standard, diversity and talent pool of leadership within the Learning and Skills Sector*"

CEL's collective and formally agreed VALUES :

- **Learner focused** - We empower and enable everyone we work with to achieve their full leadership potential.
- **Professional** - We are passionate, energetic and dedicated professionals who deliver high standards and performance.
- **Reflective** - We are reflective practitioners continually improving our professionalism and seeking feedback.
- **Collaborative** - We are a partnership organization and believe in sharing our learning and expertise.
- **Creative** - We think outside the box and constantly seek innovative ways of seeing the world. We strive constantly to learn and improve and create and open and supportive culture.
- **Diverse-** We celebrate and respect our differences alongside ensuring inclusivity and equality of opportunity.

CEL's STRATEGIC AIMS :

- To improve the overall standard of leadership in the sector
- To improve leadership of provider performance for learner and employer success
- To improve the diversity profile of sector leaders
- To improve the supply of leaders to ease the succession crisis
- To improve the quality and impact of research on leadership within the sector.

Lynne then instigated a massive external program for sector engagement, based on "Leading the Way" (Leading the Way, 2004) as a basis for consultation and dialogue and co-production of services with the support, understanding and participation of sector leaders (she gives 64 national presentations in 9 months and forms formal partnerships with 22 sector organizations). Each partner is given clear business and performance targets, playing to their strength.

She then instigated processes to encourage an internal CEL culture of commitment and service to the sector and to CEL itself so that staff can choose to belong or not. Out of this effort, a new CEL focussed team begins to generate itself. Attracted by a mix of her leadership, their own commitment to the sector, attraction to the emerging values and practices of CEL, and the realization that they can make a significant contribution to FE leaders and to CEL, the staff begin to abandon their contract status to be directly employed directly by CEL,

A new Deputy CEO was appointed in March 2005, again a respected and well known sector figure with good networks and overt commitment to the sector, coupled with experience at senior level of 2 national sector organizations. He was a strong and effective leader and team player and invaluable addition and support to CEO, Chair and Board. A major achievement was to convince DFES to revise the whole funding base of CEL and to commit to a new budget of £15m for 2005-2007 , (rather than the £2m already committed for 2005-6) and to move the financial self- sufficiency target by 12 months to March 2007. This happened because of major overachievement of targets from 500 to 2,400 participants, a significant increase in customer satisfaction and a commitment to generate 8000 participants the following year for an investment of £7.5m. This was a big step change in value for money. CEL also committed to raising the level of additional non government funds.

On the success of achieving an additional 2 years of significant funding, the decision was made to extend CEL into a charitable Trust and to reform the board with a new model of transparency by appointing new board members through a national solicitation, and to move away from the 3 year contract with the partners to a completely independent organization that could contract with any partner. All this was done with great internal tension between the CEO and board but with no public embarrassment externally to partners or to their reputation.

There was also introduction of staff strategic forums and enhanced annual staff retreats to deal with difficult and unspoken issues, and to create collective community and open dialogue. External facilitators were used to enhance and support team processes. All staff were entitled to a coach or mentor with an annual staff investment of £3,500 per person compared to the then national benchmark of £300 per person per annum spent in universities. This was a conscious decision to invest in staff as significant surplus were being generated, targets consistently

overachieved alongside a strong value that a leadership development centre should invest in its own staff and model positive staff development and succession.

CEL was now coming into its own as a trusted and effective organization. The fraxious relationship with Government had been repaired and the sector believed it was beginning to work in its interest. Many partnerships were now in place and many more participants were completing programs with high customer satisfaction. A new pledge and promise was given to the sector publicly and on every occasion that the "new" CEL from March 2006 would be a different entity and be the kind of organization the sector had always wanted, moving beyond the original partnership.

Achievements by April 2006 include:
- 12,000 participants vs target of 10,000
- Customer satisfaction of 95%
- 25 product lines and generated surplus of £1m
- Additional income of £3m reduced dependency on core grant to 70%
- Overall budget of £11m
- Staff expansion to 50 full timers and 200 associates
- Extensive impact surveys and reports on added value and impact of CEL's work across the sector.

CEL AND THE SPIRITUAL LEADERSHIP BALANCED SCORECARD BUSINESS MODEL

Phase Three - April 2006 – April 2008: High performance, Strong Identity

In April 2006 a new CEL board is put in place, with continuity provided by the continuation of the Chair and one board member, then a new senior team is appointed. All are highly effective and committed people hired from national recruiting efforts. In all, 4 new Executive and 6 non executive members were appointed. Lynne Sedgmore then delivers on her earlier promise, supported strongly by the Chair that full engagement is her "true" leadership style and desire. In harmony she, the Chair, the senior team and newly appointed board members

introduced, during the next two years, a new phase in which CEL staff were invited formally to co-create the organization they wanted CEL to be. This process resulted in staff stepping up of at every level with renewed responsibility, accountability and trust.

In addition, a new Research Director was appointed who was experienced and highly regarded in the sector. As the investment in staff continued, staff strategic forums become embedded, staff retreats become more powerful, creative and collective, and junior staff encouraged to step up into leadership roles. With extensive time and effort, relationships with funders become very strong and one of high trust and mutual regard. Relationships with key stakeholders also were strengthened with the establishment of the CEL Advisory Group; which provided the Executive Leadership team with a really helpful and supportive advice and advocacy on the development of CEL's portfolio. This advisory group was also used as lobby for more funds.

In October 2007, CEL won the International Spirit at Work Award for addressing spirituality in the workplace. One of seven organizations to be honored at the annual International Spirit at Work Conference, CEL received the award for its programs in spirituality in the workplace (Living Spirituality in the Workplace-the CEL Way, 2008), its commitment to spiritual leadership and its focus on reflective practice. At that time Lynne stated, "Our commitment to exploring, articulating and living core values is reflected not only in our leadership development programs but also in our whole approach to staff support and development." CEL was only the second UK organization, after the Body Shop, to be honored with this prestigious international award for its work in creating a new paradigm for organizational performance – one that values wellbeing, social justice, spiritual development, and sustainability as much as business output and material wealth. In short, the triple bottom line.

Spiritual Leadership, Employee Well-Being, and Organizational Outcomes. In

November 2006, CEL commissioned a longitudinal research project on organizational

effectiveness and well-being at work – CEL's first attempt to evidence the link between

spirituality, well-being and high performance. Professors Altman and Özbilgin and Dr Wilson

from the UK conducted the study, which was overseen by the three steering committee members

(Professors Mitroff, Bournois and Gabriel), who participated directly in the study on specific

assignments.

A key aspect of the study was the use of the organizational spiritual leadership survey

based on the work of Fry (2003, 2005, 2008). The survey questionnaire utilized a 1-10 (from

strongly disagree to strongly agree) response set. Scale scores were computed by computing the

average of the scale items. Results of the survey are summarized in Figure 4. Figure 4 gives the

scale averages and standard deviations for the two survey administrations (November 2006 and

April 2008) for all variables (initial and final in the lower right hand corner) with bar graphs

depicting the dispersion for inner life, the three SLT variables (vision, altruistic love, and

hope/faith), spiritual well–being (calling and membership), life satisfaction, and organizational

commitment and productivity. The bar graphs depict the dispersion or range of responses. An

asterisk denotes that there is a statistical significant difference between averages for the

responses on that variable from 2006 to 2008. Scale responses between 1.00 and 4.99 represent

Disagree. Neither is the percentage of respondents with an average scale value between 5-6.99.

The Agree percentage represents scale values between 7.00 and 10.00. Ideally, organizations

would want all their employees to have high average scale scores (above 7) and report

moderately high (above 60%) percentage levels of agree for all SLT variables, which we have

found through past research to indicate high levels of spiritual leadership. Moderate or low levels

(below 60%) on the theory variables indicate areas for possible intervention (Fry & Matherly, 2006: Fry, Nisiewicz, Vitucci, & Cedillo, 2007; Fry, Nisiewicz, Vitucci, & Cedillo, 2007; Fry, Vitucci, & Cedillo, 2005; Malone & Fry, 2003).

Results revealed that CEL is indeed a spiritual led organization with high levels of innerlife, spiritual well-being, and organizational commitment and productivity. Averages for all variables except inner life (6.88) were above 7.0 on the final administration. Average agree responses with the exception of organizational commitment were above 60% for both surveys (agree percentage for organizational commitment in 2006 was 58%). However, commitment had significantly increased to 70 % by 2008, which is most likely due to the ongoing success of the CEL initiatives implemented during this period. The fact that organizational commitment saw a significant change in its average score between surveys, significantly increasing from 5.88 to 7.23 from 2006 to 2008 reinforces this finding.

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Insert Figure 4 about here

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Sustainability and Sustainable Development. Lynne and CEL also believed that there is a need for leaders at all levels within the further education system to sponsor, drive, endorse and support sustainability and sustainable development activity. The sector has a responsibility to help realize a more sustainable way of life, and CEL has an important role to play in embedding sustainable development in all CEL programs as an integral element of leadership development in the FE sector. In its strategy for sustainable development CEL describes sustainable development as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (Leadership for

Sustainability: Making Sustainable Development a Reality for Leaders, 2007, p. 8). In this context, sustainability is taken to mean a state of existence where social well-being and quality of life is maintained without degrading the ecological systems upon which life depends. This for many is an idealistic state of existence which can be moved towards, but may never be fully achieved. Sustainable development is a more recent term, which is recognized as a process. This process is one which assesses the social, environmental and economic aspects of any action or decision in order to achieve an outcome that is as close to sustainability as possible.

CEL believes that good leadership is essential in the implementation of sustainability and sustainable development. In shaping its role and contribution to the sustainable development agenda, CEL has identified a pressing need for leaders in the FE sector to lead and support sustainable development in their organizations and teams, and, therefore, to be equipped with the knowledge, skills and understanding to provide that leadership. CEL has defined such leadership as 'leadership for sustainability' and as leadership which promotes and supports sustainable development principles in all aspects of the role of the individual leader and the organization.

CEL's sustainable development strategy (Towards Leadership for Sustainability, 2007) has been informed by two research projects, a sustainability conference and a consultation seminar, and was presented at the House of Lords on 15 November 2007. CEL has engaged with leaders for sustainability and other interested stakeholders in a numer of forums to develop our understanding of the relationships between sustainable development and leadership:

CEL's Balanced Scorecard. Leadership programs were revamped into comprehensive and sophisticated ladder of interconnected offerings to take leadership development onto a more powerful and integrated level. Impact measures introduced into all programs internally as well as external impact evidence generated as well as the development of a balanced scorecard as a

means of reviewing the holistic strategic Due to space limitation, only the major critical results

for the key focus areas of customers, people and internal business processes, continuous

improvement, and financial performance for the first quarter (April 1- June 30) 2008 are given in

Table 2. CEL had green status for their critical categories during this period.

_____

Insert Table 2 about here
_____

All of this resulted in a number of major outcomes as of April 2008, including:

- 80 fulltime staff; 250 associates
- Customer satisfaction of 97%
- Nearly 40.000 participants through C EL in 5 years
- Surplus of £1m in 2006/7, surplus of £1.5m in 2007/8 all reinvested in the further development of CEL's activities.
- Product lines at 32
- Received International Spirit at Work Award
- Stakeholder perception survey very positive
- Overall budget at £16m annually in 2006/7 and 2007/8
- Financial dependency at 50%
- High staff morale, strong stakeholder engagement
- Powerful impact studies on college performance, and inspection results
- High and positive media profile

The Merger of CEL into LSIS

Alongside all this success a political scenario was forming in which another national

sector organization's impact was being questioned. The politics dictated a solution had to be

found and quickly. Since the FE sector recently had a review in which a strong recommendation

was made to simplify the national FE organizations, a merger of CEL and the quality

improvement organization became a political inevitability and was planned for April 2008.

Alongside CEL not achieving financial self sufficiency as was originally planned, (even

though it had achieved 50% non dependency and was predicting financial self sufficiency by

2011; an achievement NOT seen by any other national organization in the sector). and the need to reduce the number of national organizations plus a genuine move across public sectors to put leadership and quality, continuous improvement, and innovation together gave a strong political case that this was a merger made in heaven.

Alongside everything else outlined above and CEL's continuing success, the staff entered into a complex, painful and difficult merger with an organization with a much larger budget of £125m (CEL's was £16m per annum) with a completely different and highly bureaucratic culture and mindset. This took up considerable time and was deeply painful as it turned out the two organizations could not dialogue effectively. As a result CEL's Chair, Lynne Sedgmore, the Deputy CEO, and Finance Director all decided not to go forward into the new organization.

Mergers are very time consuming; however, with very little extra support the staff of CEL managed to continue overachieving on all targets, generating an even bigger surplus than planed and contributing to the new organization. The culture of CEL strengthened during this time, the away days became outstanding, and sessions of appreciation and celebration were numerous. The merger business transfer took place on 1st October 2008 and CEL is now the Learning and Skills Improvement Service (LSIS) with a new chair, board and CEO and five of the original CEL senior team now members of the LSIS senior team.

THE LEGACY OF CEL

During its brief existence, CEL became known as an organization that epitomized organizational spiritual leadership as key to maximizing the triple bottom line. It also provides an excellent example of an organization that operationalized the Spiritual Leadership Balanced Scorecard Business Model (see Figure 3). Two surveys administered over a two year period revealed strong support for high levels of spiritual leadership (hope/faith, vision, and altruistic

love) and spiritual well-being (calling and membership), which then positively influenced CEL's key balanced scorecard categories.

CEL as an organization embraced many definitions of spirituality both internally and externally. Their CEO, Lynne Sedgmore, has a strong inner life and spiritual practice and has been open about her commitment to workplace spirituality since 1989. A PhD was completed on her spiritual leadership; (Joseph 2002) and she has published some articles on her spiritual leadership journey; (Sedgmore 2000a, 2000b, Western and Sedgmore 2008). As a key element of her leadership of CEL she consciously created an environment where others can develop and follow their own spiritual paths. CEL also conducted regular staff retreats and in many ways encouraged open discourse about spirituality among people from diverse faith, cultural and ethnic traditions. They also commissioned a study on the effects of spiritual leadership in the workplace that revealed high levels of inner life, spiritual leadership, spiritual well-being, life satisfaction, and organizational commitment and productivity.

Once the merger was inevitable the leadership team, staff and board of CEL were very keen to articulate and leave a legacy and to safe guard some of the best aspects of the CEL culture, performance and approaches continuing in the merged organisation. The legacy was focused through the written word and through the living experience and spirit of CEL living on through the people who had created and lived the reality and power of CEL.

A document, "CEL as a High Performing Organisation" was published and the CEL board also funded a range of academic articles through Professor Yochanan Altman and a book by Professor Jody Fry as part of the written legacy. All staff received a Silver Star paper weight as a gift to mark the end of CEL with a note saying "thanks for being a CEL star and best wishes for the future" CEL also bought a star in the sky and named it the "CEL star" with everyone

having a certificate of exactly where this star is in the stellar constellation so they can link to CEL at anytime they choose into the future by gazing at this star (all funded personally by the CEO and Deputy CEO, not CEL public funds).

The living legacy of the CEO, Deputy CEO and key members of the Executive Leadership Team and other staff continues in different ways. Many of those who left CEL are still heavily committed and passionate about CEL and the FE sector. Before leaving CEL the leadership team articulated the notion of the starfish, having read collectively the book "The Starfish and the Spider". This is the notion that the parts of a starfish may break off but the starfish will heal again, leaving the piece that has broken away to become a living part of elsewhere but still being a part of the original starfish. The leaders and staff who have stayed and moved into the merged organization continue to support and integrate the best of CEL and their own individual professional and contribution into the new organization, LSIS.

Some agreed that they would meet regularly with the remaining leaders in the merged organization, which has happened. They also committed to taking the CEL energy, spirit, values and expertise into new roles they would take up within the sector and to support each other in doing so, formally and informally. Ten CEL staff members are working as executives and non executives in and with other national FE sector agencies. Their infectious passion, entrepreneurial and servant leadership styles are enabling them to share their experience with others and to develop a legacy of the successes of CEL building on the good that others have done and are doing for themselves.

Although everyone was sad that the merger happened, most felt that CEL had changed their lives for the better, that they had gone to new places of nourishment and love within organizational life and that they now know how to work across all aspects of empowerment, wellbeing and high

performance. The key sentiment was that their experience and learning within CEL could never

be taken away, whatever happened to them into the future. Many people said that they had found

a new way of being, a better way of behaving, a new sense of community and energy. They

wanted to be able to manifest this for themselves and others in new places. They could and

wanted to take the experience and spirit of CEL with them wherever they went into the future.

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Figure 1 Model of Spiritual Leadership

Spiritual Leadership ⟶ Spiritual Well-Being ⟶ Individual & Organizational Outcomes

HOPE/FAITH →(+)→ VISION →(+)→ CALLING
Make a Difference
Life has Meaning/Purpose

INNER LIFE
Spiritual Practice

Organizational Commitment & Productivity
Employee Life Satisfaction
Sustainability
Financial Performance

ALTRUISTIC LOVE →(+)→ MEMBERSHIP
Be Understood
Be Appreciated

Figure 2 Balanced Scorecard Areas of Focus and Measures

Vision, Mission & Values

Internal & External Stakeholder Analysis

Strategy: Scorecard Areas of Focus

Quality	Customer Focus	Human Resources	Finance
Create a culture of service excellence and perfect order fulfillment	Deliver superior value for our customers	Provide for employee growth and high levels of employee commitment	Maintain focused and profitable growth

Objectives: Measures

% On-time Delivery % Defective Product % Accurate Orders	% Costs/Sales % Satisfied Customers	Satisfaction Index % Employees Trained %Turn/Productivity % Best Practices	% Revenue Growth % Return on Assets % Market Share

Figure 3: Spiritual Leadership Balanced Scorecard Business Model

Strategic Management Process

Mission & Vision → Internal & External Analysis → Strategy & Objectives → Implementation → Evaluate

Leading Indicators/Managing Metrics   *Outcome Indicators/Strategic Performance Indicators*

Input/Output Model

Inputs → Processes → Outputs: Quality Service → Customer Satisfaction → Financial Performance

Strategic Scorecard Performance Categories

Spiritual Leadership Process

Effort (Hope/Faith) Works → Performance (Vision) → Calling: Make a Difference, Life Has Meaning

Reward (Altruistic Love) → Membership: Be Understood, Be Appreciated

Learning & Growth Org Commitment, Member Well Being - Sustainability, Productivity

Figure 4: Summary of findings from the Organizational Spiritual Leadership Survey

Inner Life
Average
6.72
6.78

Vision
Average
6.88
7.26

Altruistic Love
Average
7.00
7.29

Hope/Faith
Average
6.76
7.31

Meaning/Calling
Average
6.96
7.41

Membership
Average
6.73
7.23

Life Satisfaction
Average
7.29
6.40

Organizational Commitment
Average
5.88
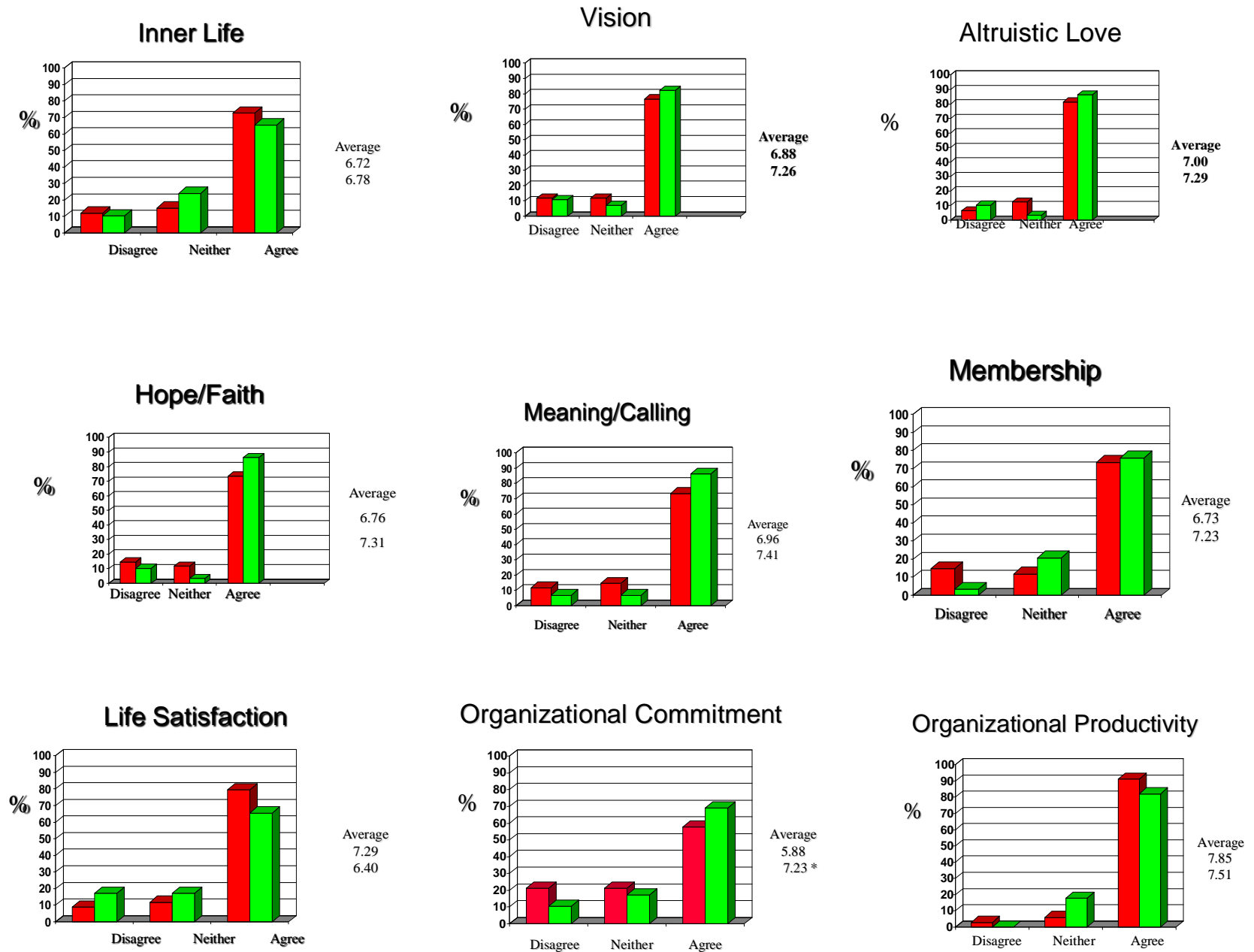7.23 *

Organizational Productivity
Average
7.85
7.51

38

Table 2: CEL's Balanced Scorecard

Populated Balance Scorecard Quarter 1: April - June 2008

Key to colour coding

Goals and Measures

Critical	
Desirable	

Traffic Light Indicators

Green
Amber
Red

1.   **The customer perspective:** CEL as a hybrid public/private sector organisations exists to provide services which meet the policy imperatives of government and the needs of our stakeholders and customers. It is critical that CEL has clear strategies for meeting customer needs and, in turn, has performance measures that will help assess customer, and stakeholder, expectations, perceptions and levels of satisfaction. Such measures will assist CEL in retaining a clear customer focus on such expectations by tracking performance in meeting them.

Customer Perspective		
By this we mean the perspectives of the institutions and individuals that we serve. To be successful how should we appear to our customers and key stakeholders?		
Goals	Measures	Indicators
Overall Customer satisfaction is achieved	Target 85% in line with DfES requirements	98% Customer satisfaction achieved
Participants recognise CEL as delivering programmes, services and interventions that meet their specific needs	% of CEL participants describing their experience as good or very good.	98% Customer satisfaction achieved
Customers consider CEL to be a value for money supplier	Average % of CEL customers describing the services received as 'good' or 'very good' value for money in relation to the services provided increasing year on year.	98% Customer satisfaction achieved. Reduced contractor overheads achieved.

Customer Perspective		
By this we mean the perspectives of the institutions and individuals that we serve. To be successful how should we appear to our customers and key stakeholders?		
Goals	Measures	Indicators
CEL is seen as actively supporting and promoting diversity	Numbers using CEL subsidy; strong diversity strategy; number of individuals from under-represented groups participating on CEL programmes and services.	For the first quarter 283 individual subsidies have been granted. A record high for a first quarter.

2.   **The people and internal business process perspective (Learning and Growth):** To provide quality, and cost-effective, services and Value for Money. CEL must identify the key people and business processes it needs to be good at and then measure its performance in undertaking those processes. This perspective will encourage our Directors and managers to identify performance of the key business processes are, in the context of overall strategy, to assess current performance in undertaking those processes and to establish targets for improving performance.

Internal Business Process Perspective		
To be successful which business processes should we be good at?		
Goals	Measures	Indicators
Quality Assurance	Year on year reduction on % of non-compliances in quality audits and % of customer complaints; year on year increase in compliments;	0 formal complaints
Appoint, retain and develop high quality employees and associates	% of recruitment offers declined; annual employee/Associate turnover rate; average number of training interventions per capita; internal promotions as % of all appointments; sickness rates;	In this quarter we have had 4 new starters and 5 leavers = turnover rate of 7.6% 6 new roles were offered, 2 of which were internal transfers and 0 were internal promotions.
Promote diversity at all levels and roles in the organization	Workforce monitoring in relation to national benchmarks of ethnicity, gender, age and disability;	Internal monitoring reveals our workforce average for this quarter is:

Internal Business Process Perspective

To be successful which business processes should we be good at?

Goals	Measures	Indicators
		73.5 % Female 88 % Full time 69 % White British / Irish / Any other white background

3.   **The continuous improvement perspective:** To achieve continuous improvement with a Learning Organisation perspective in delivering quality, cost-effective services CEL needs to ensure that it is able to learn and to improve from both an individual and organisational perspective to demonstrate Value for Money. It is important to measure the CEL's ability to learn, to cope with change and to improve through its people, its systems and its infrastructure.

Continuous Improvement Perspective

To be successful how will we sustain our ability to learn and to improve?

Goals	Measures	Indicators
Sector ownership of CEL	Evidence gathered from stakeholders across the Learning and Skills Sector via a wide and inclusive range of intelligence gathering activities will enable CEL to be innovative and creative in the creation and development of programmes and services for 2006 to 2008	Quarterly meeting of CEL's Advisory Group and ongoing interactions with the sector inform development – repeat business levels increased
Achievement of value for money is proactive and on-going	Business Planning and Performance review is at the heart of the regular monitoring and evaluation of the objectives and activities contained in the 2006 to 2008 Business Plan to ensure that a process of continuous quality improvement is proactive and ongoing	Open tender process initiated March 2007 to achieve improved quality and value for money
CEL's contribution to the development of the FE system is effectively articulated in the Improvement Strategy co-ordinated by QIA.	Activities accurately presented in the Improvement Strategy; CEL's status as a key partner is clear.	CEL has contributed to the improvement strategy through their relationship with QIA and is working towards the new organisation,

		LSIS

4. **The financial perspective:** CEL continues to require key measures of its financial performance but, again, these need to be directly linked to the overall, goals and help CEL from being solely financially driven mission driven.

Financial Perspective To be successful how should we appear to those who provide our financial resources?		
Goals	Measures	Indicators
Deliver to CEL's annual budget agreed by the Board	Difference of income over expenditure; Positive cash flow;	Estimated full year is surplus of £118k against budget of £65k
Diversify income streams	Maximise share of college market; Increase market share of developing markets in ACL and WBL to achieve financial self sufficiency incrementally year on year.	CEL has or is engaged with over 300 of the 389 FE Colleges representing in excess of 75% of all FE Colleges.
Work towards financial self-sufficiency	Return from sales meets a greater % of CEL's operational overhead costs	The year to date dependency on DfES Strategic Project grant was 49%, which is against the budgeted figure of 58%.
Ensure that all programmes and services achieve contribution set out in annual Business plan	Monthly review and quarterly reconciliation at Business planning meetings.	The overall budgeted contribution target of 34.2% at the end of Q3 was exceeded with an actual total contribution of 36.8%.