

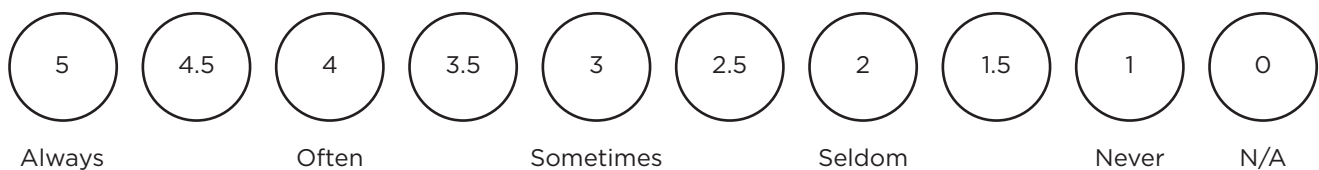
FREQUENTLY ASKED QUESTIONS LEADERSHIP CIRCLE PROFILE™ LCP MANAGER EDITION™

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WHAT DOES IT MEAN THAT THE LEADERSHIP CIRCLE PROFILE (LCP) AND THE LCP MANAGER EDITION (LCP-ME) ARE NORM-REFERENCED ASSESSMENTS?

The use of a Norm-Referenced Assessment allows us to compare the development of a leader's performance and effectiveness with that of other global leaders (the norm group). It allows us to distinguish between highly Creative and highly Reactive leaders.

WHAT IS THE LEADERSHIP CIRCLE PROFILE AND LCP MANAGER EDITION SCALE?



The scale comprises nine possible answer choices and can be considered a nine-step scale, providing good variability. Each step is given a half-point value, so raw scores range from 1.00 to 5.00. Because of the size of the scale, we round scores to the nearest hundredths place when we average scores, providing us with a valid indication of the leader's raw score. Note that we do not include N/A responses in the calculation of average raw scores.

WHY IS THE RAW SCORE LESS RELEVANT THAN THE PERCENTILE?

The raw score is not as relevant as the percentile because the raw score does not tell us the level of effective performance for a given leader on a given dimension compared to the global norm group. Raw scores simply provide an indication of the average ratings given. Percentiles help us answer the questions, "What do those ratings actually mean? Do the ratings indicate average performance, above average performance, or below average performance?" We don't know the answer to these questions without comparing the ratings for a leader with the other leaders in our global norm group. Some may assume that because we are using raw scores that vary between 1.00 and 5.00 that the typical leader would score a 3.00, more Creative leaders would score above 4.00, and less Creative leaders would score below 2.00, and vice-versa for Reactive. However, when looking at the ratings for global leaders for Creative Dimensions, we find that the average performance is positively skewed (the mean is higher than 3.00) and Reactive Dimensions are negatively skewed (the mean is lower than 3.00). Percentiles take this into account and reveal where a particular leader's performance falls with respect to the global norm group. For example, a 50th percentile ranking suggests that the leader's score is average—typical of global leaders, even though their raw score may be 3.96. A 67th or higher percentile means that the leader is performing above average, and a 32nd or below percentile means that the leader is performing below average.

Furthermore, the various dimensions in the assessment measure very differently. The norm group average score on one dimension might be 2.18, while another dimension may have an average score of 4.03. Therefore, to compare the relative performance across dimensions needed to identify the best starting point for development work, it is necessary to statistically equate the dimensions. Percentiles (calculated from standard scores) make the dimensions comparable so that a leader has an understanding of specific strengths and places for improvement.

HOW ARE PERCENTILES CALCULATED?

Raw scores are first transformed into t-scores, or standard scores*, which measure the results in terms of how the global norm group performs. Note that each evaluator group (e.g., Boss, Peers, Direct Reports, etc.) has their own norm group. The t-score counts how far away a raw score is from the mean, or average, leader's performance. The distance is computed based on the standard deviation in the global norm group's performance - that is, how much variability there is in scores for that dimension and that specific evaluator group. T-scores range predominantly between 20 and 80, with a 50 representing the mean for that dimension. Each t-score is then converted to a percentile based on the normal distribution of scores. Again, a t-score of 50 would be converted to 50% - meaning that half of the global norm group score below the leader's performance. It also means that half score higher.

WHO COMPRISES THE GLOBAL NORM GROUP?

The reference global norm group comprises thousands of leaders that have been selected from the larger Leadership Circle database so that the distribution of leaders reflects the global population of leaders. The proportion of leaders within the global norm group reflects very closely the concentration of leaders within various countries and industries and is similar in distribution between genders in leadership positions around the world.

To determine the selection criteria for the global norm group, we reviewed 15 leadership databases (e.g., Dun & Bradstreet Hoovers, World Bank Global Database, Bureau of Labor Statistics, Forbes Global 2000 List) and 23 global research studies of leadership (e.g., World Economic Forum -Employment Trends, Workplace Trends - the Global Workforce Leadership Survey, Institute of Management Accountants Global Survey, Deloitte Global Human Capital Trends, Borderless - 2016 Survey on Leadership Development). Some of the factors we considered included:

- Country Labor Force Size
- Concentration of specific industries by country
- Country GDP
- Percentage of male and female workforce
- Percentage of leaders by level of leadership (e.g., C-suite, Managers, etc.)

We then pulled leaders from our large Leadership Circle database with similar characteristics to those we discovered in our research, such that the norm group matched as closely as pos-

sible to the distribution of these characteristics among global leadership. Leaders were selected using a random stratified sampling. That is, we first stratified (sorted) the database on the characteristics desired and then randomly pulled leaders from each category until the proportion of all database leaders within that category matched the global distribution proportion obtained from our research.

WILL THE LCP MANAGER EDITION (ME) HAVE ITS OWN SEPARATE NORM GROUP, OR USE THE LCP GLOBAL NORM GROUP?

Front-line leadership can be quite different from higher levels of leadership and comparing a manager to a C-Suite executive is not an apples-to-apples comparison. The ME has its own database separate and distinct from the LCP database. These two databases are maintained separately as the types of leaders who complete the two assessments are often at different levels of management and the two assessments do not comprise the exact same dimensions. Therefore, when we selected the updated global norm groups, we pulled separate norm groups from each database. We sampled middle-managers through to top-level leaders from the LCP database and sampled lower-level managers for the ME database. As a result, the standardization of scores, and resulting percentiles, are different for the two assessments.

HOW FREQUENTLY WILL LEADERSHIP CIRCLE CONDUCT THIS RESEARCH TO UPDATE ITS NORMS?

It is important to review the research every five to ten years to be sure that the norm group is still globally relevant. The degree to which the norming will change will depend on new research and how much leadership will have evolved.

HOW DO I KNOW THE RESULTS ARE STATISTICALLY VALID?

As Leadership Circle's database has grown and become international, we have truly set the standard for global leadership. The psychometric properties of the LCP have been tested in numerous studies, conducted both internally and by external organizations with measurement expertise. The assessment has continually been shown to be valid and reliable. The results of these analyses are explained to all practitioners who are certified to use the LCP and LCP-ME. This research is also available online to clients in technical research papers.

WHAT IS AVERAGE?

Scores are reported out as percentiles, which indicate how many people score above and below that leader. The average is 50% - meaning that 50% of all those in the global norm group score above the leader and 50% score below the leader. Most people think that average is bad. If you ask managers in any given group, "How many of you want to be average?" No hands will go up. Most hope they are above average. However, if a particular group of managers is representative of the norm group, half of the managers in the room will score below average and the other half above on any given dimension.

WHAT IS COMPASSIONATE SCORING?

When leaders score toward the low end in the Creative Dimensions, the resulting report can feel harsh, leading to adverse reactions. For example, a percentile ranking of 1% on Relating means that 99% of leaders score higher than that leader, and consequently there won't be any visible shading in that Creative Dimension of the accompanying graphic. To prevent undue discouragement, we have put a floor on Creative percentiles of 5%. This is the lowest percentile a leader will see on their graph, even if their actual scores result in a lower percentile. Those in the bottom fifth percentile are well below average and there is no statistically meaningful difference between the first percentile and the fifth. However, with Compassionate Scoring, the leader will receive a graph report with at least some shading in the Creative, allowing for hope and encouragement to develop their effectiveness in that particular category. Reactive percentiles are not adjusted. Compassionate Scoring is used consistently across all reports.

HOW IS RAW DATA USEFUL?

Raw data can be useful when someone does not understand or want to accept their percentile scores. It can also be useful at times to point out the difference in raw scores— the highs and lows. One must be careful doing this as raw score averages can be quite different from dimension to dimension. However, in the Creative half of the profile, if a leader has rated them self at 3.2 on one scale and a 4.5 on another scale, it can be helpful to ask them what distinction they were making when they filled out the profile. This kind of questioning can often open up a good conversation about their results when someone does not want to accept their percentile scores. Using raw data this way can also help a leader understand how raw scores relate to percentile scores. Keep in mind when doing this, that the average raw score in the Creative Dimensions is 3.91 (3.89 for LCP-ME) and the average score in the Reactive Dimensions is 2.21 (2.11 for LCP-ME). This is why it is not possible to compare raw scores across Reactive and Creative Dimensions and come away with an accurate interpretation. Comparing percentile rankings makes for better interpretation of the results.

HOW SHOULD ONE INTERPRET MODERATE INTEGRITY PERCENTILES?

The more positively a question is perceived, the more people tend to rate it high. Integrity, in particular, is prone to this, making it the highest average score in our norm group. The average Integrity score for evaluators is 4.24 (4.08 for LCP-ME), because Integrity is so highly valued. Meaning, that to achieve a high percentile for this dimension, a leader will require a higher raw score than the other dimensions. Consequently, more than other dimensions, it is important to interpret the Integrity percentile in the broadest general way. It is important to let the leader know that this is a very sensitive scale and that, if their scores are in the lower percentiles, it may suggest some mismatch between their walk and their talk.

WHY DO DIFFERENT BREAKOUT GROUPS HAVE DIFFERENT PERCENTILES FOR THE SAME RAW SCORE?

Each breakout group has its own global norm group. Peer ratings are compared to Peer ratings of leaders in the norm group, while Direct Report ratings are compared to Direct Report ratings in the norm group, etc. Peers evaluate differently enough from Direct Reports to make scoring this way essential. It is possible to have a raw score of 3.96 from both Peers and Direct Reports on a particular dimension and receive different percentiles. This score may be reflective of higher performance compared with how Peers typically rate global leaders, while at the same time, this score may be reflective of lower performance when compared with how Direct Reports typically rate global leaders. The differences in percentiles are important and can be used to help the leader determine if they are showing up differently with different groups in the organization.

WHY DON'T THE BREAKOUT GROUP'S PERCENTILES AVERAGE UP TO THE EVALUATOR'S PERCENTILE?

Since percentiles are points on a distribution, and not numbers, you cannot average them. You can, however, average the raw scores for each breakout group. This average is provided as the raw score for the Evaluator's category. This raw score is then compared to how the Evaluator's category, within the global norm group, rate performance and the resulting t-score is then converted into a percentile. Essentially, the Evaluator percentiles reflect how evaluators for this leader, regardless of the rater's breakout group, rate the leader compared to how all the leaders in the global norm group's evaluators rate them. It provides the most comprehensive measure of the leader's overall current performance on a given dimension.

HOW ARE THE AGGREGATE DIMENSIONS (INNER CIRCLE) SCORES CALCULATED?

The raw scores for each question from each dimension contributing to a specific Aggregate Dimension are averaged. This average is then compared with the Aggregate Dimension scores for the global norm group and a t-score is calculated and then converted to a percentile. Note that it is possible to have a higher (or lower) Aggregate Dimension percentile than any of the individual dimension percentiles that make it up, because the percentile is uniquely calculated based on the entire norm group's aggregate scores and not on averaging across percentiles.

The raw scores and percentiles for each Dimension and Aggregate Dimension are reported in the numeric section of the report. The percentiles for the Self and Evaluator dimensions are also presented in the LCP graph.

HOW ARE THE SUMMARY MEASURES (BAR GRAPH) SCORES CALCULATED?

Reactive/Creative Scale: We take the average Creative raw score and subtract from this the average Reactive raw score and then add a constant of five to be sure that all results are positive. Thus, a leader's score on this measure ranges between 1.00 and 9.00. The result is then

standardized (transformed to a t-score) by comparing it with the calculated scale scores of the global norm group. Finally, the t-score is converted into a percentile.

Relationship/Task Balance: We analyse the standard performance (t-scores) for the Relating and Achieving Aggregate Dimensions (the Inner Circle Dimensions). The lower t-score of these two Aggregate Dimensions is divided by the higher t-score; thereby creating a ratio which ranges from .01 to 1.00. This ratio is then compared with the ratios calculated for the global norm group and the resulting t-score is converted to a percentile.

Leadership Potential Utilization: We multiply the Reactive/Creative Scale score by the Relationship/Task Balance ratio. The result is standardized by comparing it against the global norm group and then the t-score is converted into a percentile.

Leadership Effectiveness Scale: This scale is a stand-alone measure that is not calculated from any of the dimensions of the LCP. Rather, it is based on ratings given to five Leadership Effectiveness questions that have been embedded into the LCP and ME. The Leadership Effectiveness questions are:

- I am satisfied with the quality of leadership that this leader provides.
- This leader is the kind of leader that others should aspire to become.
- This leader is an example of an ideal leader.
- This leader's leadership helps this organization to thrive.
- Overall, this leader provides very effective leadership.

The ratings given to all five questions are averaged together. The average is then standardized by comparing the raw score average with the average for the same scale in the global norm group. The t-score is then converted into a percentile.

HOW DO PERCENTILES TYPICALLY LOOK IN A LCP RETAKE?

Typically, we see a LCP Retake a year after the original 360°. The Retake will usually show improved scores, which is what we want to see. Some leaders, when doing a Retake, have shown some significant movement from one LCP to the next— it is not uncommon to see dimension scores that result in positive changes of 5 to 15 percentile points or more.

Of course, leaders can see lower Creative and higher Reactive scores on a Retake. They may have regressed, they may have greatly expanded their responsibilities since the last assessment was taken, or they may simply have different raters who experience the leader differently. We find that when Retakes show limited progress, or a more Reactive profile, it represents a tremendous wake-up call for a leader and often development begins in earnest. We strongly recommend Retake Assessments for leaders serious about their development.

When ordering a LCP Retake report for a leader that has prior LCP reports, the system will automatically generate the previous report (using the same email address) for download with the newest report. This will allow for a more direct comparison across reports. Note that you must mark “Retake” within the Project Center for the previous report to be downloaded.

**A Standard Score is the number of standard deviations by which the value of a raw score is above or below the mean value of what is observed for the norm group. For t-scores, the range is 0 to 100 with the average standard score being 50.*