

# **LEADERSHIP DEVELOPMENT**

**By Heather Collins**

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It's the fourth quarter of a close football game. The team with the ball is behind by two points and driving down the field. Then, the unthinkable happens. The quarterback goes down with an injury. Without blinking an eye, the coach sends in the backup and keeps the team alive by continuing the march to the end zone. After the game, the backup is bombarded with questions from reporters about his performance in the game. His answer: "It was easy. I've been preparing for this moment my whole career."

Identifying and developing employees for leadership positions have very similar parallels. Successful organizations have found that, when one star performer is promoted or leaves, an equally talented and prepared employee somewhere within the organization is ready to step in and assume the responsibilities of the position. If there isn't someone "sitting on the bench," ready to be promoted, the company also is able through recruitment strategies to attract the type of person needed for the position.

How does a company go about establishing a system for identifying and developing talent within its organization?

## **Defining Basic Leadership Criteria**

One of the first areas in which companies can fall short when promoting individuals within their organizations is where the basic leadership skills necessary to make the organization function effectively have not been formally identified and communicated to employees by human resources or their immediate supervisors.

Defining who is and who is not a leader within your organization will largely depend upon the organization itself. Tim Anderson, Director of Human Resources for ServiceMaster, states that the identification of leaders really requires one to "look at the company, its philosophy and objectives. Then, you really need to examine what fits the nature of your company." In a study conducted by SHRM and Personnel Decisions International in 2000, only 45 percent of the responding organizations reported having development plans for non-exempt employees. This figure fell even lower to 17 percent when it came to linking these goals to the organizations' overall performance. On the flip side, seven out of 10 respondents in the survey indicated that their organizations had written performance plans for most of their executive staff. What these numbers indicate is that more than half of these organizations do not have formal development

plans for their rank and file—a critical component in organizational development in terms of identifying the next generation of leadership.

Where a lot of organizations miss the mark falls in the area of defining (for the organization and its employees) what criteria makes a leader for that company. In the *Performance Management Survey*, the author notes that one way to attract and retain key performers is to support their efforts when they are performing their best. The ways to do this include “defining and establishing clear performance goals; tracking progress and giving relevant, useful feedback; and developing employees to meet or exceed the company’s goals and their own personal goals.” But what makes a good leader at Company X? Some companies make an effort to include the criteria in the performance appraisal and review the employee’s performance against the criteria. Confusion can occur if the employee doesn’t understand or make the connection between the criteria being reviewed and the need to have these skill sets for future promotions or leadership positions within the organization. If the leadership criteria is not stressed in all aspects of the organization and explicitly stated (not just in the performance appraisal), the chances of finding qualified individuals to promote from within are not very great.

A study conducted jointly by Anderson Consulting and the Economist Intelligence Unit confirmed the lack of comfort that most organizations feel when it comes to the topic of leadership development. Only 21 percent of the CEOs who were polled said that they and their organizations were prepared to lead their respective companies into the future. Ninety percent of them further noted that their leadership development process was in its infancy phase, with definite room for improvement. Two concerns underneath the leadership development umbrella were the identification of potential leaders and measuring leaders. These sentiments further support the need for formalized leadership criteria in one’s organization.

### **Benchmarking Strengths and Weaknesses Early in a Career**

Many employees, if they don’t have adequate managers and frequent performance discussions, can go long periods of their careers not knowing what their individual strengths and weaknesses are. Early intervention on behalf of the organization—as it relates to identifying what someone is good at and what he or she is weaker at—can be critical in identifying those employees who are capable of taking on leadership responsibilities. The American Productivity and Quality Center, in conjunction with the American Society for Training and Development, looked at leadership within six best practice “partner” organizations. They found that companies that excel in leadership development “grow leaders as opposed to buying them.” This refers to an organization’s ability to organically grow and groom leaders within their organization. One of these “partner” organizations—Shell International—reported that 95 percent of its executives came from within the company. One of the ways to guarantee that HR can pull from its bench strength is to let those individuals know what they are doing well and what they can improve upon.

## **Training Opportunities for Employees with Leadership Potential**

At a conference given by Linkage Inc. in June of 2000, Personnel Decisions International found that training is the number 1 investment that organizations are currently making towards developing their leaders. In most organizations, these opportunities are both scheduled for individuals (required classes for employees of various levels at pre-determined career points) and elected. FedEx, a Fortune 500 company based in Memphis, also believes strongly in the value of training for its employees. Beginning almost 30 years ago, FedEx found that training was directly linked to its competitive advantage in the marketplace. As a result, its internal commitment to the philosophy of P-S-P (people-service-profit) has been at the center of all the company's training measures and initiatives. Establishing the link between training and profitability has been easy for FedEx. The company was the first in the service category to win the Malcolm Baldrige National Quality Award and has stayed on the list of top companies to work for since the list's creation. The importance of training to FedEx is at the heart of its business model and the payoff is seen in quality, profitability and retention efforts. For the employees, the payoff is equally as great, as they are offered training and development opportunities.

Great leaders and managers do not necessarily start off with the basic skills needed to make them great. Companies that consistently, uniformly and regularly offer classes in management and leadership for up-and-coming employees find that promotion decisions are a lot easier because the training has taken place and people are ready to take on added responsibility. The statistics, however, show that most organizations have a difficult time finding the necessary talent for their organization. Eighty-two percent of HR leaders responding to a survey conducted by Development Dimensions International found that their organizations were having a hard time finding qualified leaders, which leads to the questions: what does your current leadership training initiative look like, and is it working for your company?

## **Mutual Understanding for Promotions into Leadership Roles**

Accountability for developing leadership skills falls upon the organization as well as the individual. Some employees falsely expect that by merely enrolling in the required courses their efforts will be immediately recognized once a leadership position becomes available. Tom Tierney, a director at Bain & Co. in Boston and author of the book, *Aligning the Stars: Organizing Professionals to Win*, says that leaders must "step forward and assume special assignments to begin to exercise your leadership muscle. It's impossible to develop skills and the reputation of leadership without being in situations that allow you to do that."

There is an age-old question about whether or not leadership skills are innate or taught. In a study of 300 company presidents and CEOs completed by Caliper, only 40 percent of the leaders

said they were born with the necessary leadership abilities, the rest (60 percent) of the skills were learned through their training and experiences. One excellent example of taking responsibility for one's career path happened to Jeffrey Verity of the Hobbs Group. He described himself as being a climber who had "gotten to where I've gotten so far by stepping on other people's toes." He approached his boss with the question of how he could be more valuable to his company. The response was a leadership development course that he has completed. This example illustrates how important it is for individuals within an organization to take charge of their future career paths and ask for opportunities.

### **Frequent Coaching/Mentoring of High Potential Employees**

Coaching/mentoring of high-potential employees can take on many shapes and forms. It can be a very formal program where a more seasoned and experienced employee is assigned to a high-potential individual, or it can be an informal relationship that develops between two employees who happen to work in one area of the office. In either instance, the reward to the high-potential employee can pay huge dividends. Having someone with more experience and insight can help guide someone who has not had the same level of exposure or experience and keep that person from making the same mistakes. At General Electric, most of the mentorship arrangements have been very typical—young, up-and-coming employee paired with a more experienced, senior-level manager. One exception to this occurred when the company rolled out a new e-commerce initiative that required frequent use of and comfort with the Internet. Some of the more senior managers (in the 50-plus age range) were now told to go out and find Internet-savvy mentors (typically in the 30s age demographic) to help increase their comfort level with the World Wide Web. The program was a huge success and illustrates how mentors can come from a wide range of places and sources.

### **Basic Career Pathing and Planning for an Organization**

There is an old adage about doing the same thing, the exact same way, all the time. To loosely paraphrase the saying, "If you don't know which way you're going and which path you're taking, you'll end up going the same way you always have." If HR practitioners are not planning for the future but finding themselves short on leadership talent, they must be doing what they've always done. Does your organization identify people who have the skills needed when the opportunity arises? What types of training and development opportunities are in place for these employees? How often does HR sit down with senior management to examine people within the organization and talk about their potential? All of these are questions that need to be answered when it comes to finding the next generation of leadership for an organization.

Tom Tiller, CEO of Polaris Corporation (makers of outdoor recreational equipment), sums it up perfectly by saying that "having leaders is the ultimate competitive advantage. Equipment and other resources are available to all competitors. The place where you differentiate is your

people. How well you can select and grow and develop leadership is pretty much all I have to worry about.”

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*SHRM wishes to thank Heather Collins for contributing this article. It is intended as information only and is not a substitute for legal or professional advice.*