

Filling the Leadership Pipeline

by Jack Zenger and Joe Folkman

Filling the Leadership Pipeline

Six factors for effective organizational leadership development.

We are constantly analyzing the data from countless executive surveys, conducted by our firm and others. This analysis has consistently uncovered these four findings:

1. Senior executives consistently identify leadership development as one of their top three concerns.
2. Few senior leaders believe their organization has an adequate pipeline of leaders capable of meeting their needs for the decades to come.
3. Senior leaders are seldom content

with their organization's current initiatives for developing their leaders for the future.

4. Approximately 60 percent of front-line leaders have received no formal development in leadership or management

There is general agreement that organizational success is driven in large part by the effectiveness of the leadership team. Technology may give the firm an edge, and operational excellence helps,

The fact is, most organizations are not addressing the magnitude and scope of this gap in the leadership pipeline.

yet leadership effectiveness has been shown to be the single most powerful driving force for an organization's success.

The fact is, most organizations are not addressing the magnitude and scope of this gap in the leadership pipeline. Companies fall into three groups. The first group, which comprised 60 percent of the organizations surveyed, have done something in the past 5 years to develop their leaders. The next 20 percent have not done anything within the past year. The final 20 percent of organizations have never done anything in a formal way to develop their leaders.

It would be understandable to put the lion's share of attention on the groups who have never done anything or have done nothing in the last year. But we are equally concerned about those who have done something. Why? Because they are often involving a minuscule fraction of their current and potential leaders. Both groups are contributing to the fact that organizations are generally not filling their pipeline, causing senior executives to be unhappy with their current internal initiatives.

Is this a soluble issue?

This problem can be solved. However, the solution is not to heave ever larger sums

of money at the issue. We have seen many organizations spend huge amounts with no visible results, while others who spend much smaller amounts show evidence of real success.

Our experience shows that there are six fundamental elements of a highly productive leadership development effort. When organizations include these six elements, they are virtually guaranteed to have great success.

1. Tailor the initiative to the organization

Organizations are embarked on widely different strategies, with unique histories and cultures. Many have engaged in various developmental activities which should not be aborted or ignored. Most importantly, the organization needs to select the key behaviors they wish to have their leaders exemplify in the coming years. The selection of these key behaviors is worthy of strong consideration by the executive team to align to the strategy and culture of the organization.

A key activity in this phase is the creation of a competency model. This defines

what behaviors the organization expects its leaders to display. Most competency models are created by having groups of executives pool their opinions about what makes a good leader for the company. In other instances, a senior executive takes it upon themselves to make that decision. A third method has groups of managers sort a deck of cards with various leadership behaviors printed on each card. These results are tallied and used to arrive at a general consensus among participants.

We contend that the most effective method involves a far more empirical and scientific approach. Analyzing the behaviors of the most effective leaders in the organization leads to a far more valid understanding of the most effective leadership behavior.

A more scientific, three-step statistical approach to leadership behaviors.

- Gather a large number of items that describe behaviors, traits, and characteristics. Administer the items with a large sample of individuals across different companies, cultures, and geographies. In our case we began with

2,000 descriptive behavioral statements that had been used in a variety of multi-rater assessments.

- Apply a rigorous statistical technique to distinguish the items that most powerfully identify those individuals who received the highest aggregate scores on all the items from those who received the lower scores.
- From this group of items, select those that have the highest correlation with important business outcomes: employee engagement, retention, customer satisfaction, productivity, innovation, and profitability.

This empirical approach to creating a competency model replaces the other methods described above in favor of hard evidence.

The final step in tailoring the initiative for the organization is to define the objective. For instance, the initiative could be designed to:

- Improve the individual performance of the overall leadership team by some measurable amount.
- Motivate every leader to create a per-

sonal plan of development for themselves.

- Achieve a specific goal, such as greater employee engagement or innovation.
- Enlarge the number of leaders in the pipeline required for the future.

Whatever objectives are selected, they should be aspirational. We fear that for some leadership development initiatives, the goal is to get the top rating on a reaction sheet at the end of the program. Clearly, that is not the ideal aspirational goal.

2. Define the scale and scope of the initiative

Organizations thirst for excellent leaders. This thirst is not satisfied by a small number of people at the apex of the organization. It is not satisfied by the existence of several stars sprinkled in the midst of the organization. It is seldom satisfied by a group of elite “high potential” leaders who have been singled out from all the rest. It is also not met by a remedial program designed for those leaders who are faltering.

We see far too many organizations with thousands of managers, directors, and executives that provide formal development to fewer than 30 individuals each year. Many senior leaders are lulled into general comfort, believing they have a leadership development program in place—despite the fact that it is clearly not reaching a significant percentage of the leadership cadre.

Another problem is that once leaders have been part of a leadership development effort, some assume they have been “fixed” and no longer need additional development. A universal truth in every organization is that the challenges for leaders constantly change. Direct reports change, competitors change, individual responsibilities change, and the skills leaders need to be successful change over time. Just as we know the value of regular check-ups with doctors and dentists to determine our health, leaders need a regular check-up on their leadership effectiveness in order to be at the peak of their effectiveness.

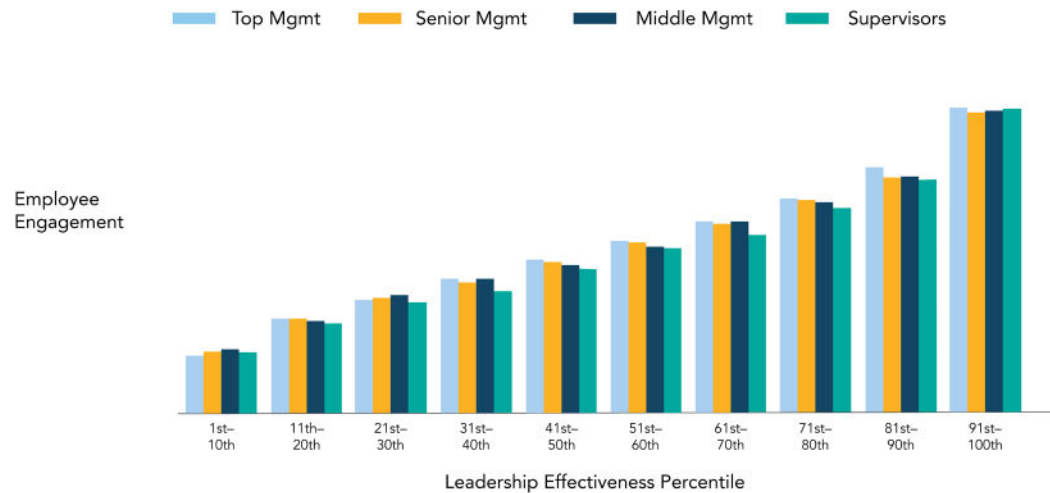
The late Peter Drucker argued that if you were to impact the overall culture and performance of an organization you needed to reach at least one third of the managers—preferably two thirds. This is the single biggest deficiency we see in most organizations’ overall leadership development efforts.

This is a prime example of the application of what is known as “herd immunity.” A herd of cattle becomes immune to a communicable disease only when an extremely high proportion are immunized.

The same applies to a human community immunization for diseases such as small-pox, measles, typhoid, and diphtheria. A recent outbreak of measles in Romania is attributed to the fact that five percent of children had not been immunized. When even a small percentage of the community fails to be immunized, the entire community becomes vulnerable.

If this principle is applied to organizations, when the organization fails to involve a high percentage of their leaders in development, they are condoning mediocre

Fig. 1 – Inspires and Motivates vs. Satisfaction/Commitment



behavior. The Center for Creative Leadership reports that 50 percent of leaders are rated by their direct reports and peers as being ineffective. Our research confirms that leadership behaviors are highly contagious. They cascade down upon the direct reports and keep going to the level below them. A senior executive who engages in inappropriate behavior contaminates their colleagues by serving as a negative role model. Bad behavior becomes the example that others follow. Worse yet, every employee is not benefiting from the opportunity to work for an excellent manager. Organizational performance suffers as a result.

Another element of defining scale and scope is deciding the levels of the organization that will be included. Is this initiative only for the people in the top tiers? What about team leaders and supervisors? Should we include individual contributors with no direct reports, but who exhibit many good leadership qualities, and who are most likely to be our leaders in the future?

To illustrate this point, we did a study with over 65,000 leaders looking at the impact of leadership effectiveness on the engagement of their direct reports. We know from our research that poor leaders generate lower levels of satisfaction in their direct reports. What our research also revealed is that if first line supervisors in an organization have an ineffective leader themselves, their direct reports are also more likely to be unengaged and unsatisfied. Good leaders generate good levels of engagement and the best leaders generate high engagement. Figure 1 demonstrates that regardless of the level of the leader in the hierarchy, the impact is consistent. If an organization has a highly effective senior leader the direct reports of that leader are highly engaged as well.

The final question to consider is how early in a person's career the organization should start to offer development. We believe most organizations are starting too late. We analyzed data for several organizations that revealed that they were involving more leaders 60 years of age and older than those who

We know
from our
research that
poor leaders
generate
lower levels
of satisfaction
in their direct
reports.

were below 30 years of age. They were surprised and sought to rectify that obvious mistake.

The average age of participants in the hundreds of programs our firm supports is 42 years. If the average supervisor is appointed to that role in their late 20s, it suggests that most supervisors function for over a decade before receiving any formal training in leadership and management.

Our conclusion is that this is a missed opportunity to help more leaders have successful careers, to provide better overall management to the employees of the firm, and to help the organization achieve even higher levels of success.

3. Ensure senior manager support

One of the authors, early in his career, worked in an organization that had not engaged in any leadership development in the past. As he began introducing this to the firm he said to the CEO, “We need your support for this new initiative.” The CEO was quick to reply, “You’ve got my support.” It quickly became apparent that

the two had quite different understandings of what support meant. To the author who was heading up these initiatives, support meant:

- Financial support.
- Attending initial development sessions to welcome participants and provide personal endorsement of the importance of these efforts.
- Meeting with the CEO’s immediate direct reports to ensure their active participation.
- Actively participating in sessions as a role model for others.
- Making leadership development an item on leadership team agendas.

To the CEO, support meant:

- Making leadership development an item on leadership team agendas.

The author’s failure to communicate a clear picture of what support truly meant to him resulted in a lack of clarity around the specific actions the CEO needed to take.

Everyone who has worked in an organization knows that people pay attention

to the actions of their manager. Yes, their words have some effect. But it is their actions that send the loudest and clearest signal about what is expected.

Research confirms that when executives serve as faculty for leadership development programs, it makes a difference. When they spend an evening with participants, informally answering questions, that makes a difference. When they attend every development session and are available to attest to the applicability of what an instructor is teaching, that makes a difference. When they discuss with their direct reports what they have learned from attending a development session, and how they are applying it in their job, it makes a big difference in the outcomes.

4. Select powerful learning interventions

In the world of medicine, there is principle that a disease should be treated with the least heroic treatment method that will successfully cure it. What is understood, however, is that it does little good to treat it with medicines or procedures that are incapable of curing it.

Effective leadership development must use learning methods that have the power to make change. That does not mean temporary inspiration. It does not mean that a person receives some fleeting flash of insight. It means that the methods used are capable of changing behavior in a sustained way. That comes from participants immediately putting into practice what they have learned and then receiving feedback on how well they are applying new knowledge and skills.

That generally means that the method is active and experiential rather than passive and cerebral. Reading books, listening to lectures, or listening to TED talks are useful ways to gain information, but not effective in changing behavior.

Some learning methods that have been most successful in changing behavior are:

- 360-degree feedback.
- Creating personal development plans.
- Coaching over a sustained period of time.
- Simulations.
- Skill building using behavioral modeling (videotapes that present someone

handling a difficult situation followed by immediate practice and rehearsal).

- Using the current job as a classroom/ laboratory in which to apply new knowledge and skills.
- Senior executive interaction and involvement.
- Immediate manager involvement and oversight.
- Holding participants responsible for change.
- Action learning projects in which participants are given important, timely issues facing the organization to analyze, develop solutions, and then implement their decisions.

One common characteristic of these powerful learning methods is that they are focused on strengths rather than being riveted on discovering weaknesses. This is an extremely important philosophical element of effective development efforts. Participants make greater gains when working on strengths. They find it more enjoyable. It has a far more positive aura than immediately gravitating to weaknesses.

However, most leaders who receive an assessment of their capabilities from others and are left to their own devices will instantly look for the lowest scores and vow to overcome that weakness. There are times when working on a weakness makes sense. We have found that 29 percent of managers, as a group, have some behavior on which they receive an extremely low score. In many cases this behavior is important to their success on the job, and they are well advised to tackle that first. For the other 71 percent, however, they gain much more by ignoring any low scores and working on those competencies that are between the 70th and the 90th percentiles, with the goal of raising that score even higher. We don't advise working on a capability that is already at the 90th percentile.

Another characteristic of effective interventions is that they are transferring responsibility to the participant rather than having it reside with the organization, the HR department, or the immediate manager. Powerful interventions frequently include a focus on the team and the immediate network of people who are

accomplishing a task, rather than being individually focused.

5. Integrating development into the culture

It's important to link the content of leadership development with the current management practices. Ideally, ways are found to embed the content into the other HR systems, including recruitment, selection, onboarding, performance management, promotion, and compensation.

The person's current position is the ideal laboratory/classroom in which to apply what they learn in any development process. The integration of what is being learned with daily managerial behavior ensures it becomes routine and permanent.

6. Provide ongoing sustainment

It does little good to instill new behaviors or teach new concepts that are put on the shelf and buried. Sustainment is all about keeping the new behaviors alive and continuously implemented.

One element that encourages this is the measurement of outcomes. The use of

repeated 360-degree feedback sends a clear signal that the organization expects change to occur and wants to give participants accurate information about the degree to which they are personally accomplishing that change.

Successful sustainment activities include periodic refreshment sessions, ongoing coaching from the immediate manager and other coaches, and frequent reminders in the form of articles, video clips, and examples of how people can implement and improve the skills they have learned. Senior leaders in the organization and the immediate manager of the participant are key people in providing effective ongoing sustainment. The leadership development specialists in the organization can also provide ongoing help.

Outcomes

We would like to report that everyone who participates in leadership development initiatives becomes a more effective leader. Unfortunately, that wouldn't be true. However, we can attest to several outcomes.

1. Based on repeated 360-degree feedback assessments, the majority

of participants improve. Following the recommendations presented earlier will dramatically increase the percentage who improve.

2. Leaders who have some serious behavioral deficiency (a behavior scoring in the lowest 10 percent of all leaders assessed) can significantly improve. We identified 1,469 leaders who were focused on fixing those significant weaknesses. Over a period of 18 months, they went from the 18th percentile in overall effectiveness to the 46th percentile. Starting at a low point provided them greater room for growth. 29 percent of the leaders we assess have one such behavioral deficiency that drags them down in the way they are perceived by their working colleagues. They can remedy that deficiency, if they elect to work on it.
3. Leaders without any deficiency can also make progress. We studied 3,050 leaders and identified 1,589 who were focused on building their strengths. Over an 18-month period we found that they went from the 55th percentile in overall effectiveness to

the 75th percentile. While this was a smaller gain than those with an initial deficiency, it's important to note that leaders at the 75th percentile make a far more positive impact than those at the 55th percentile. Every business outcome, such as employee commitment, employee retention, customer satisfaction, innovation, and productivity, show higher results as leaders become more effective.

is required to develop effective leaders, particularly what their personal roles need to be. The six elements we have presented—grounded in credible research and the experience of practitioners and scholars—will provide the guidance necessary to assemble a world-class leadership development effort for any organization.

Conclusion

Leadership development practitioners and senior executives deserve to know what

The six elements we have presented—grounded in credible research and the experience of practitioners and scholars—will provide the guidance necessary to assemble a world-class leadership development.

About Us

Zenger Folkman relentlessly seeks to rise above the inconsistent, and sometimes misleading, nature of popular leadership philosophies and beliefs brought on by opinion. The discipline of leadership and those who pursue it deserve better. Our most valuable asset is the expertise of combining hard data and statistical analysis with logical explanations and actionable application that help individual leaders thrive and organizations succeed.