NOW is the time to develop upcoming leaders and to invest smartly

By Hans C. Steckling and Serge Roux-Levrat

Introduction: Personal development plans are an excellent way of investing effectively in our people, because by helping them achieve their best, they also help us achieve ours. In gloomy times like these, let's make sure we are taking great care of our Chief Positive Officers so that when the tide turns, we find ourselves riding at the very top!

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If the completion of effective management by objectives agreements (MBOs) show that managers are serious about executing a company's strategy, the creation of powerful personal development plans (PDPs) demonstrate that they also take at heart the development of the next generation of leaders. Both processes must be performed outstandingly well for an organization to thrive. Unfortunately, running a world-class MBO process but an average PDP one is a tempting strategy for many companies and for different reasons. Some believe that leadership development is both costly and time consuming, and that they will always be able to buy top talents when needed. Others wrongly think that standard succession planning will do. And the truth is that injecting more financial resources into leadership development will not necessarily lead to better results.

A leader is not made in training classes or on university benches, but in the battlefield. Leadership is mostly learned by doing and by observing other leaders. And three sine qua non conditions must be met in order for an executive to develop:

1. He must be personally aware of the need to develop (the awareness test)
2. He must want to develop (the motivational test)
3. He must willingly want to receive coaching and mentoring support (the acceptance test)

Unless a leadership development (LD) program takes into account how leadership development really happens and has ensured that the above three tests have been passed, then its ROI will be low. Creating awareness of the need to develop should be the number one priority of any LD program. Contrary to what most companies believe, this awareness is not triggered by having executives go through leadership assessments.

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Yes, an executive will receive a thick binder listing his strengths, weaknesses and developmental needs, but our *talent agenting* experience shows us that many are not aware of the fact that they really need to alter some of their behaviors. To make matters worse, such assessment exercises often overlook critical developmental needs, as is the case with the costs that we incur as we climb the corporate ladder (see last month's article for more insight into the subject). Any LD program that does not help executives mitigate or, even better, transform these costs into benefits, is doomed to fail.

What can a company do then to create the necessary awareness? It can take several actions, but the best one is to have its upcoming leaders face difficult and complex situations, or manage tough projects, or work with stretched assignments, or lead teams powered by talented, demanding and driven people. These types of situations force the upcoming leaders to get off their comfort zone and to confront the real them. It inevitably creates an awareness of the need to develop as well as preparedness to change one's behaviors in some areas.

What other main steps can a company take? It must ensure that its upcoming leaders receive honest positive as well as negative feedback on how they are doing as leaders. Backbench leaders need to know the behavioral issues that are preventing them from being great leaders, how they are performing on the job and what their strengths are. Companies can also create awareness by ensuring that their promising executives receive feedback, not just from their direct managers, but also from credible (internal or external) third persons.

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Companies should also use multiple assessment tools, and not rely solely on the manager's assessment of the upcoming leader. The process should also be a dialogue. Many traditional talent management processes prevent talents from voicing their true ambition and personal objectives. Hence, many PDPs are built on "half-the-story" at best, which impedes motivation instead of igniting it.

Given how leadership development happens in the real world, what matters most when creating powerful and impactful PDPs? Although talent management theorists argue that companies must follow a long and detailed PDP prescription if they want to have any chance of success, our practical experience show us that six factors really matter:

Firstly, as we have already discussed, it must ensure that PDPs address successfully the awareness, motivation and acceptance tests. Otherwise, they are unlikely to deliver great results. An upcoming leader must be motivated to implement his PDP and not be incapacitated by pride.

The persons who develop the fastest (and change the most) are those who are honest with themselves and humble in attitude. The proud ones live in a personal developmental prison and unlock only a fraction of their potential. They have eyes, but do not see. They have ears, but cannot hear. Until they find the way out and conquer pride, not much leadership growth will truly happen. In some cases, external "hand-holding" can help accelerate the deliverance, but the process will still be slow until humbleness is of the essence.

Additionally, upcoming leaders must own their PDPs. Without this commitment and active buy-in, the best PDPs will be fruitless. Often, an upcoming leader is aware of the need to develop, but is not really motivated to change. It may be a corporate culture issue as well; an extreme focus on short-term results or internal politics could stand in the way!

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Secondly, a PDP must be tailored to the specific development needs of each upcoming leader. When working on a new *talent agenting* mandate, we often find out that the existing PDP of our clients (when they exist!) is not suited to their real development needs at all. Worse, the ambition of an executive may not be compatible with his true potential or learning / unlearning abilities. He may be too slow to change for an organization that needs leaders who can hit the ground running.

Many times, what we also discover is that the PDPs do not deal with root causes, but with surface issues only. What do we mean here? Simply stating the need, for example, to delegate more is not enough; it must zero in to the behavioral root causes. The reasons an upcoming leader is not delegating – or not enough - could be varied: he could be a perfectionist, believing that only he can do the job well; he may think that delegation takes too much up-front effort, never asking himself if undertaking a particular activity is a good use of his time; he may believe that people will not rise up to the challenge; he may be run by fears (e.g. the fear of losing power or visibility); or he may simply not have the right people to delegate key tasks to (i.e. he suffers from a real team-composition issue).

Thirdly, a great PDP is focused on the one or two most critical behavioral issues that will make a marked difference in the performance of the upcoming leader if successfully addressed. Unfortunately, it is not uncommon for us to see PDPs with seven or more standard issues to address.

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Such PDPs create no discipline at all; the upcoming leader does not know which issue to tackle first. They also do not take into account how we work. Few individuals can address more than one behavioral issue at a time; after two, the probability of success – meaning some change will really happen – is greatly reduced.

To motivate, rather than demotivate, a great PDP focuses on one or two issues at a time. This is why we recommend that companies think of leadership development in terms of periods of six months. If necessary, an issue can be addressed again during another period, as it is critical that each issue is worked on until completely resolved. If such a disciplined and focused approach is followed, then we guarantee you that success will be there if the executive is motivated to change and is supported by a talent agent. Of course, nothing prevents a company from having three-year PDPs, as well, in order to zero-in on longer-term leadership behavioral issues.

Fourthly, A PDP must favor on the job learning. When we interview seasoned leaders on how they acquired the leadership skills and behaviors that helped them be successful, they almost always tell us stories linked to job experiences; i.e. the special assignments they were given (e.g. turnarounds, M&A integration, the launching of a new business, leadership of a key cross-functional project, a job rotation in a function they had never led before).

In many cases, what they recall is how challenging, tough, and visible these job experiences were. When you have nowhere to hide, when success or failure will be clear, when the stakes are high, when you need to get off your comfort zone, development is accelerated. Furthermore, these challenges should increase in difficulty as the upcoming leaders gain in leadership maturity and wisdom.

Transitions into new roles are usually times of intense learning. The pressure to diagnose, formulate a winning strategy, win the support of key constituencies, delegate and communicate is high and real. One of the functions of *talent agenting* is then to help maximize developmental success and reduce the consequences of any failure.

Very often, these senior leaders also have a vivid memory of the impact that key persons had upon them. They recall the great or terrible managers they had on their way up, and how such managers influenced their development. They served as role models of what to do or not to do. If you want to accelerate the leadership development of your most promising executives, do not think first of standard training classes or executive education, but of exposing them to your company's most senior leaders, its strategic issues and decision-making processes.

Fifthly, a PDP must be convincing, realistic, written and signed. Experience shows that a written PDP is more likely to be implemented than one that is not. In his book "What they don't teach you at Harvard", Mark McCormack talks about a study that was conducted on the 1979 Harvard MBA class. He found out that the 3 percent of the class, who had clear, written goals and plans to accomplish them, were earning ten years later, on average, ten times as much as the other 97 percent who didn't have written goals or no goals at all. Signing PDPs is the ultimate moment of truth; the time to show that the commitment and motivation are serious. Executives know that by signing a PDP: a) they commit themselves to turn their leadership potential into impact; and b) their performance can be assessed.

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Finally, leaders must be held responsible for identifying and developing the upcoming leaders. Isn't one of the critical roles of the most senior leaders to ensure continued leadership capacity? The leaders who fail to strengthen the leadership bench should feel some real pain and the others should be rewarded amply. Otherwise, the best PDP process will run into major implementation difficulties and not deliver the great results that it could have. Leaders should not see the PDP process as only a one-way street; i.e. you assign upcoming leaders to new roles (often outside of your area of responsibilities), but get no recognition for it. It is an absolute necessity that leadership development is among the top priorities of senior management (as well as the Board of Directors) and that those who develop upcoming leaders are rewarded, not just financially, but also through promotion and increased visibility.

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Given the current recession environment, should a company reduce, maintain or increase its PDP budget? Training and development budgets are usually squeezed during times of financial difficulties. However, this would be a wrong thing to do as far as the PDP budget is concerned. Otherwise, how can a company mobilize and inspire its leaders, and by cascading effects, its people? 2009 is a year of battles, a year of conquests, a year of opportunities and of embracing the extraordinary. Although the media describes a recession as an evil thing, this is not an accurate picture. A recession is also good news for the *great* companies. Indeed, during such challenging times, their competitors are often at their weakest. Great companies therefore take advantage of this special window of opportunity to take the strategic actions that will help them come out in an even better position once the slow-down is over. Great companies are not great by chance; they anticipate and show their faith muscles when the others are in doubt and freeze spending on leadership development. They also understand the constant need for *renewal* within the leadership bench. They know that unless they regularly bring new blood, they risk suffering from sclerosis and as result, to see their change efforts be slowed down.

Which three key talent management actions do great companies tend to take while their competitors are frustrated and weakened? Firstly, they ensure that enough funding and buy-in exists to run and implement effectively a focused PDP process. Secondly, they actively work (with talent hunters whenever necessary) to poach key talents from their weakened competitors. Finally, they identify and eliminate their “imposters”, those managers that seem to do well when things are rosy, but once things get tough, their inefficacies become apparent. Companies must have the courage to act decisively here.

How should a company spend its PDP budget: across the board or allocate it to specific individuals? There is not a one-fit-all answer. It very much depends on the culture of the company. Nevertheless, if a company wants to navigate successfully through the current economic crisis and maximize its ROI, then we suggest that it considers allocating the major part of its PDP budget to those of its upcoming leaders who can truly impact the performance and positioning of the company. When times are tough, you need Chief Positive Officers: i.e. those leaders who can keep people mobilized, engaged and focused on performance, and who can show them the opportunities where others only see problems. The facts show us that the companies that spend their PDP budget wisely during difficult times ride out better a recession. What CEOs have to realize is that if you have talented upcoming leaders and you do not work on their development, then many will leave when growth returns. At this point, the competitors that were once regarded as weak will lure them away by offering them the leadership challenges that they always wanted. We see this happening time and again. Smart CEOs know that the best time to increase the PDP budget is when your competitors are suffering more than you. What those CEOs and many top HR officers also know is that PDP investments are very often much more welcome by both employees and shareholders than the granting of retention bonuses.

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We hear some of you arguing that you have no time for such PDP process. Well, this is probably a true statement given your current priorities. However, we would challenge you to rethink your priorities and ensure that you focus on those talent management issues that can help you win and progress best.

When times are good, executives are often tied up in meetings aimed at capturing those growth opportunities that they had long waited for and ensuring that the company's systems and processes are acting as enablers rather than growth-stoppers. When times are bad, those same executives are usually absorbed in meetings now aimed at squeezing spending, eliminating the fat, deciding who will be let go, and communicating in order to keep employees (or clients) engaged with the company.

What this shows is that "there will never be time" for the PDP process unless a company makes it a strategic priority and the CEO enthusiastically and visibly supports it. A wise CEO uses the PDP process to reassure his most driven and performing upcoming leaders and sends them the signal that they are important to the company and its future success. Furthermore, he leverages the PDP process to deploy the company's leadership talents in the most effective manner in order to drive innovation, leadership renewal and close the holes that appeared during the previous growth season.

The only issue left is then to know whom the PDP investment should focus on. Mapping out the upcoming leaders on the 3x3 performance / leadership potential and risk of departure/criticality of position matrices can be of great help here if the assessments are done properly and in an honest manner.

What top leaders must remember is that an assessment of potential is not an assessment of development needs, nor is it an assessment of readiness or fit for a new role. For the potential dimension, assessors should review the ability of an upcoming leader to pay the costs of promotion, the level of his humility, his ability to learn and unlearn quickly, his people judgement skills, etc.

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The senior leaders and their line managers must be the owners of the PDP process together with HR. They must champion the process and drive its implementation, make key decisions about critical roles and upcoming leaders, conduct career conversations and help the upcoming leaders identify their development needs. What we must also remember is that leadership development does not happen in a predictable manner, so it is important that leaders and the upcoming leaders reconnect as necessary to determine if the PDP plans need to be modified or the timelines changed (a tough challenge for overly process-oriented and technocratic corporate cultures!). Each upcoming leader should then be appointed a mentor (a senior leader of the company) and an external talent agent. Without such dual support, our experience shows that the change process will be slow in 90 percent of the cases!

Final remarks

In times of difficulties, the upcoming leaders look for direction, courageous leaders, and reassurance. They want to know that they are in the right boat. Reduce your training budget if necessary, but do not touch your PDP budget; if anything augment it. Invest on those upcoming leaders who can have a disproportionate impact on your company's performance. This will make your PDP process more manageable and impactful.

Everybody tends to win ultimately; employees will be led by more effective leaders, the moral and engagement of employees will progressively shoot up, and clients will notice a difference in the way your employees serve them. The market and investors will quickly honor such positive differences as well. Do not be moved by what the media tells us; the news will be anything but positive for the months to come. **Let the talent management truths form your thinking; invest in your leaders now and be prepared for an abundant harvest when the time is ripe!**

Talent Agenting *is a proven leadership development program process pioneered by both getTalented and HCS-CONSULTING. It helps successful leaders to move faster and more effectively into the next levels of professional development. It follows a highly customized approach and leverages a variety of diagnostic tools and solutions to accomplish its goals. It can be used as a stand-alone process or as part of a company's leadership development process.*