

Building Capacity and Enduring Value

To find good leaders, look inside first. If you want to be competitive over the long term, building a Succession Practice beats the alternatives.

Stop Training Leaders; Start Growing Them

By Jim Morris and Betsey Upchurch



Stop Training Leaders; Start Growing Them Build a "Succession Practice" in Your Company

Leadership training as a stand alone method of preparing potential leaders within your company doesn't work. If you are trying to develop leaders solely by training them, you are wasting your time and money. Preparing new leaders is more like growing a garden for food than going shopping for it. Getting leaders ready does not happen over night and cannot be approached like a transaction. It takes years of nurturing, nourishing, tending and, yes, even weeding, to grow a "crop" of ready leaders. As with fertilizer in a garden, leadership training is an important part of the nourishing and nurturing process. On its own, however, it will fail to yield much of a harvest. So stop trying to "train" your new leaders; start growing them. If you are serious about the future leadership of your business, create a holistic leadership development practice.

As consultants and trainers, we've worked with too many clients who have had to struggle to conduct business with inadequate leadership. Instead of growing profit and customers through a cadre of strong capable leaders, they "put out fires", struggled to execute plans, and fought morale problems. Our contention is that there are plenty of talented, capable people in your organization who are potential leaders, but too often the pace of business makes growing new leaders a low priority in the short term. This short-term focus comes with great, though largely unseen, costs. Poor leadership affects our mental and physical health, wastes our precious time, and creates distrust. Whether by covering up their mistakes, or because their current position is simply over their heads, poor leaders shake our confidence and make us question our own judgment.

The problem isn't new and it certainly isn't small. According to the National Association of Corporate Directors, almost half of all American companies with revenues of \$500 million or more CEO succession practices that don't work. In a 2004 survey by the Corporate Leadership Council of 276 large companies, less than 20% felt they had an effective leadership succession

process. And the problem is not confined to the executive suite. Depending on which study to believe, between 50% and 80% of all newly promoted middle managers in U.S. Companies fail to meet the expectations of those who promoted them. Yet, the number of performance consultants working internally to drive profits and performance has risen in service industries from an average of 3 per company in 2001 to 10 in 2002.ⁱ

On a global level, poor leaders harm commerce. Even if they change who they purchase solutions from, customers take their bad experience with them when they show up ready to do business with a new provider. Poor leaders also affect society. Poor leaders affect profits in more ways than return on investment. We worked with one company that took 3 years to shake-off the effects of an unethical, incompetent CEO. We all pay for a company that declares bankruptcy. We all pay when people are laid-off or go on unemployment. We all pay for the stress and turmoil it creates in their families. Our communities suffer by not having adequate leaders who don't know how to marshal the resources of the community to solve important problems.

Finally, poor leaders cost themselves. They pay for their ineffectiveness by being defensive or dishonest or by playing politics instead of leading with heart. Sometimes, they mortgage their souls in exchange for maintaining the illusion of being successful.

How does a company grow new leaders? We have observed successful leadership succession practices among many of our clients and have distilled these practices into the following list:

1. **Leadership Development Needs to Be a Priority for the Top Leadership of The Company.** There is no more powerful motivational or inspirational force for driving executive and leadership development than a committed senior leader. We feel so strongly

about this that we won't work with clients who lack genuine executive sponsorship. Qualified senior leaders need to identify, coach and mentor their potential successors. Do not outsource this responsibility. The evidence suggests it is better not to announce your intentions about who the potential successors are, but to quietly and methodically coach and mentor several potential successors. If you put all of your hopes in one person, they may or may not be ready when the time is right.

2. **The Key to Executive Development is Mastery Not of Technical or Even Business Skill, but of Self-awareness and the Competencies of Emotional Intelligence.**

A growing body of research indicating that "emotional intelligence" differentiates truly outstanding leaders from their peers supports our contention about the need for self-awareness and emotional intelligence in executives. The research shows that about 50% of a leader's effort should be devoted to leading oneself, as opposed to controlling others. Indeed, leadership development starts with the development of the leader from the inside out. Leaders have to be passionate about their work and their business. This attribute cannot be taught or even nurtured. But if potential leaders are passionate, it is possible to help them learn to motivate, communicate, plan and sell using the skills of emotional intelligence.

3. **Focus on Traits – Not Skills - in Emerging Leaders**

In the context of leadership training, skills are methods and proficiencies that, if applied to work, should improve both individual and organizational performance through tangible actions. Traits are desirable characteristics of behavior, attitudes, and personality features that assist leaders in being effective. There are two key differences between skills and traits: time required to learn them and ease of learning. Skills can be learned and applied more quickly because they do not involve changes in the leader's personality or core beliefs. Traits, on the other hand, are "intrinsic," meaning they are a natural quality of the leader's personality. Changing natural

behaviors and core attitudes requires significant internal motivation and a high degree of self-awareness. Since traits are part of our habitual selves, changing them takes time. Leaders who have all of the skills and none of the traits of leadership will find leading difficult.

4. **Tend the Garden: Long-Term Reinforcement**

Obviously, emerging leaders need opportunities to practice being effective leaders. Since traits develop over a long time, effective succession practices offer multiple, long-term learning events and other means of reinforcement such as action learning and developmental assignments. Take care to avoid the common mistake of over-delegation and under-supervision. Senior leaders sometimes feel bashful or hesitant to closely monitor the status of leadership development projects they assign to others. Yet, it is through the experience gained in this type of collaborative learning environment that true development can take place.

5. **Balance Risk with Reward**

This subject alone is a topic worthy of volumes. If you don't give potential leaders a chance to go to work on real-time business issues and let them practice (and test) their leadership skills, you will never know what they are truly capable of achieving. Conversely, if you set them loose on an important business problem and they fail, the costs could be enormous. We use an "Assignment to Strategy" ratio; the closer to the business' core strategy, the more conservative and measured we are in suggesting candidates to work the assignment. We have found that the most successful assignments – regardless of the performance of the person leading them – are those that are in deep water where the leader executing the assignment knows they are on their own and the risks are real. Trivial, artificial or contrived assignments don't work.

6. **Learning Topics and Assignment Should Take Into Account Work and Life.**

Consistently, we have found that the leadership development topics that participants learn and retain best are those that are applicable both at work and in their

personal lives. Building these types of connections between “work” and “life” is not as difficult as it may appear. The key to this approach is to see leadership as a relational experience. In other words, relating to people is among the most essential non-technical or behavioral skill leaders need. Similarly, relating to people is a critical skill for making friends, nurturing great relationships, parenting and functioning in a community setting. Leadership involves building emotional connections to others, and building the emotional connections between members of a group or a team. These skills are equally important to developing effective personal relationships. For example, the skills and traits needed to overcome communication impediments in personal relationships are identical to those needed in professional situations; the difference is in the context and the depth of the relationship.

The unheralded beauty of an effective succession practice is, regardless of who ascends into which leadership role, more

people are engaged in the complex, non-linear process of running the business. If you are even only partially correct, your company will be better off for it.

What are the alternatives to growing your own leaders? There aren't many. Importing or recruiting talented leaders sometimes works (aggregated research shows a success rate below 50%), but without adequate time and experience they often don't understand your culture or values. Or, you can do what most companies do, which is to assume the right people will rise to the surface in the nick of time. That approach works sometimes, but not nearly often enough. Unfortunately, there is no reliable shortcut to growing leaders. Building a succession practice can be difficult to start but it creates enormous additional value once underway. How? Effective leadership development practices bring out more of the best of the people who already work for your company.

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¹ 2003 State of The Industry Report, American Society for Training and Development