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Leadership Development – is it fit for purpose?

"The ultimate purpose of leadership development is to deliver strategy over the long term. Fit-for-purpose leadership development needs to be thoroughly grounded in business strategy, and based on a robust analysis of needs. It also needs to be designed in line with how adults learn, which primarily means learning from experience rather than in the classroom."

Gillian Pillans, Report author.

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CORPORATE RESEARCH FORUM

Leadership Development – is it fit for purpose?

Gillian Pillans

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Mike Canning
CEO, Duke Corporate Education

Foreword

Is leadership development fit for purpose?

It is an increasingly important question, especially as a lack of "ready" talent to lead faster, more agile organisations is one of the most significant strategic and operational risks for organisations.

Getting leaders "ready" to lead and succeed in a rapidly changing and unfamiliar world requires something different. But which way do we head? Corporate Research Forum's (CRF) report does a very nice job of providing insight into the issues and pointing us toward solutions.

As CRF outlines, the challenges facing leaders have changed substantially, not incrementally. The research and findings present unique insights which resonate strongly with my own experience in working with clients around the world. We are all familiar with the term VUCA – volatility, uncertainty, complexity and ambiguity describing the operating environment. Some version of this has been well socialised over the past few years. However, the harder part, understanding what's different about leading in this environment and how best to get leaders ready to do so, remains challenging. We cling to our language, models and programmes, hoping incremental changes will produce substantial results.

This report from CRF brings to life the opportunities and challenges being experienced by learning professionals and as the report highlights "not only is the organisational context changing rapidly but significant advances are also being made in the fields of adult development, learning theory and neuroscience, changing our understanding of how adults learn."

Ensuring leadership development today is "fit for purpose" means first understanding how the demands placed on leaders have changed, and updating our perspective on how learning, and more importantly, change takes place. CRF's report is one of the best I've seen in bringing these two things together in a comprehensive yet practical manner.

I am delighted to see this subject being investigated by CRF. I recommend the report and hope it acts as a catalyst for faster innovation across all the players in our discipline, as the world needs us to step up.

Mike Canning
CEO, Duke Corporate Education

Gillian Pillans

About the author

Gillian Pillans

Gillian Pillans has worked as a senior HR practitioner and OD specialist for several organisations including Swiss Re, Vodafone and BAA. Prior to her HR career, she was a management consultant with Deloitte Consulting and is also a qualified solicitor. Gillian has written various CRF reports on subjects including HR strategy, organisation design and development, leadership development, coaching and diversity.

Acknowledgements

About CRF

Founded in 1994, Corporate Research Forum (CRF) is a membership organisation whose international focus is on research, discussion and the practical application of contemporary topics arising from people management, learning and organisation development. CRF has become a highly influential focal point and network for over 150 members representing a cross-section of private and public sector organisations.

- Its annual programme of research, events and publications fully reflects members' interests, in addition to the annual international conference. Side meetings and interest groups are also initiated to meet challenges that members might have.

- Contributors are acknowledged experts in their field with a worldwide reputation as leaders and innovators in management thinking and practice.

- Sharing and collaboration among members is a key feature of CRF's activities. We actively encourage networking at all events, and especially through member lunches and HR director dinners.

- CRF is led and managed by highly-regarded former HR professionals who have a passion for delivering excellence in the leadership and development of organisations and people.

CRF's goal is to be valued for excellence, rigour, relationship building and providing an independent view which, together, lead to measurable improvement in members' people and organisation performance.

For more details on how your organisation can benefit from membership to CRF please contact Richard Hargreaves, Commercial Director, on +44 (0) 20 7470 7104 or at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.

Executive Summary

"Learning from experience needs to have a good foundation. Too often we see that 'on-the-job' learning is actually 'on-your-own' learning. Leaders prefer developmental assignments, but this needs to be linked to core skills development within a framework of formal learning. The two need to be closely interconnected." **Evan Sinar, Chief Scientist, DDI**

1. Spend on leadership development has increased since the economic crisis that began in 2009, and is now an estimated $50 billion globally per annum. Surveys show that building leadership talent is one of the top concerns of CEOs. Yet it is clear from both our survey and other reports that levels of satisfaction with the quality of leaders and the effectiveness of leadership development are low. Less than one-third (31%) of respondents to the CRF leadership survey rated their overall ability to develop leaders as 'Good' or 'Excellent'. There is also little evidence that investments in leadership development lead to improved business performance.

2. This report reviews current practice in leadership development, asking whether it is fit for purpose today and how it can be improved.

3. We consider the current context for leaders, best characterised by the term VUCA – volatile, uncertain, complex and ambiguous. The pace of change is increasing, global competition is fierce and the balance of power is shifting from West to East. We also explore the change in 'followership' – positional authority is waning, followers seek engagement and involvement, and leaders are under unprecedented scrutiny. We find this results in a call for a different style of leadership, based on

   - ability to align others around shared purpose and vision
   - strong adaptive and systems-thinking capability
   - learning agility
   - self-awareness and authenticity
   - leading through collaboration and influence
   - ability to build high performing innovative cultures and effective teams
   - confidence to lead through uncertainty.

4. Leadership development needs to be closely connected to business strategy. This is easier said than done, and many organisations fail to make the right connections. It is also essential to focus on the needs of future leaders rather than relying on what has made leaders successful in the past.

5. We consider briefly what leadership is and find that there is little consensus. For the purposes of this research, we take a pragmatic view and focus on the people organisations are developing to run their businesses in future. We contrast leadership and management, finding that leaders need to employ both skill-sets. We also highlight a third element – direction – which is crucial for successfully implementing a strategy, but is often confused or neglected.

6. We discuss the implications of adult learning theory for the design of leadership development activities. We find that neuroscience is beginning to shed light on ways of designing learning in line with optimal brain function. The main conclusion is that traditional, classroom-based teaching alone is not the most effective way of learning. The features of well-designed leadership development include the following.

   - Building in space for reflection, discussion with peers and senior leaders, and practice.
   - Making content, experiences and exercises as relevant as possible to the real work of leaders.
   - Engaging different senses and emotions, through, for example, stories, video and hands-on experience.
   - Recognising that leadership is a skill that requires years of practice to develop, rather than being teachable on a five-day programme.
   - Making sure that the context in which leaders work is receptive to the new skills they are developing and allows them to put those skills into action.

A key recommendation is to make learners aware of how they learn, teach them how to reflect on what they have learned and how they can apply it in practice, and to make line managers responsible for supporting their learning.

"We're still trapped in the traditional model where leadership development is training-led. We're trapped in the notion that development is episodic, rather than a continuous life long process. And we're still overlooking the critical influence of the boss." **Jay Conger, Professor of Leadership Studies, Claremont-McKenna College**

7. We find that the 70:20:10 model of learning has become a key feature of how organisations approach leadership development. This holds that approximately 70% of learning results from on-the-job experience, 20% from learning through others, and 10% from formal training. In one sense this is positive: it encourages L&D to focus on extending learning beyond the classroom and creating opportunities to learn from experience 'on the job'. However, there are concerns that the model is being used too prescriptively, or that L&D focuses only on delivering the 10% formal training and assumes that the remainder happens automatically. Both on-the-job and formal learning need to be better integrated.

8. We explore current practices in leadership development. Although we find that the core approaches have not changed substantially in the past 15 years, we identify the following key trends.

    *   Formal development is increasingly linked to key transitions, particularly as described by Charan's Leadership Pipeline.

    *   Programmes tend to run over longer timescales these days (typically from six to 18 months) and combine teaching modules with feedback from 360-degree assessments, action learning, coaching and e-learning.

    *   Use of online, virtual and blended learning is increasing.

    *   There is increasing availability of 'just-in-time' resources such as mobile apps to help leaders tackle specific day-to-day issues.

    *   Coaching and mentoring are widely used; peer and internal coaches are making coaching more widely accessible.

    *   Experiential methodologies such as simulations, immersive experiences and gaming are becoming more popular.

Leadership competency models remain popular, but we find they have limitations: they tend to be backward-looking, overly complicated and present an 'idealised' view of leadership that is rarely borne out in practice.

9. Research suggests that leadership development happens largely through experience. We discuss Morgan McCall's work, which identifies the most critical development events for forming leadership skills. McCall finds that the experiences with the biggest impact are challenging, high stakes, high pressure and complex. This framework is useful for thinking about career planning, developmental assignments and job rotations to help leaders build relevant experience over the course of a career. In practice, however, this can be difficult for organisations as it means taking risks, such as giving valuable development experiences to those most likely to benefit from them, rather than to tried-and-tested performers. Sadly, we find many organisations are predominantly focused on formal development, and planning for learning from experience is neglected.

10. In conclusion, we consider some of the key features of fit-for-purpose leadership development.

    *   Clear definition of purpose and objectives.

    *   Linked to business strategy.

    *   Expertly designed to reflect how adults learn, building in opportunities for reflection, practice and learning from experience.

    *   Grounded in good theory and evidence.

    *   Clearly defined roles and responsibilities: commitment from the top, a skilled, professional leadership development function with good business understanding, and a high degree of involvement from line managers in making sure learning is put into practice and leaders build the experience required to learn.

    *   Proper evaluation of outcomes.

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LEADERSHIP DEVELOPMENT – THE STATE OF PLAY

Topics covered

Introduction

If we are to create fit-for-purpose leadership development, we need to be clear about what we mean by leadership, how the context for leaders is changing and how to align development activities with the strategy of the business. This chapter explores what organisations need from their leaders today, and the evidence that leadership development is delivering that.

"Leaders have to constantly manage multiple tensions: long and short term, global and domestic, growth in volatile emerging markets and leading for margin in mature markets. All of these are indicative of the challenges leaders face today." **Anne Bowerman, VP Executive Development, Thomson Reuters**

1.1
Setting the scene

Leadership development is at a crossroads. We live in a 'VUCA' world – one characterised by volatility, uncertainty, complexity and ambiguity – and it's making leadership harder than ever. Yet CRF finds that the way organisations develop their leaders hasn't changed much over the past 20 years. This is despite improved understanding of how adults develop, and significant advances in learning technology. We find that leadership development is a major concern for senior leaders, and top teams are devoting greater focus and financial resources to it. However, the results of this investment often fail to match expectations, and there seems to be scant link between the actions taken to develop leaders and business outcomes. So is leadership development fit for purpose?

In a year-long research project (see column) CRF sought to uncover

- the current state of leadership and whether it is delivering what organisations need today and in the future

- current practice in leadership development in order to identify what works and why

- the theories underpinning leadership development, including understanding how adults learn

- practical insights into how organisations can improve their leadership development practices and align them more closely with business strategy and objectives.

The requirements of leaders have changed

Surveying the leadership landscape, we find that the skills and capabilities required of leaders have changed substantially in the past 20 years.

- Increasing complexity and ambiguity, fiercer global competition and the accelerating pace of change mean leaders need to be strong adaptive- and systems-thinkers, agile learners, self-aware and comfortable with leading through uncertainty.

- The balance of power has shifted from West to East. The rising middle class in countries such as China and India is changing market dynamics, and successful businesses from these geographies are becoming globally competitive. Duke Corporate Education estimates that for the first time in the modern era emerging and developing countries account for about half of total world output. The strategic context is changing rapidly.

- In spite of the huge amounts of data available today, there are many more 'unknown unknowns', to quote Donald Rumsfeld, former US Defence Secretary. A survey by Duke Corporate Education reported that CEOs find it increasingly difficult to predict what is happening in their environment and the challenges they are likely to face. Leaders can easily be blind-sided by unexpected events. In one example, the CEO of a biscuit manufacturer saw a 30% increase in raw-material costs due to speculators betting on the price of wheat.

Research approach

This CRF research has been a year-long project, kicking off with an event in March 2014 attended by around 40 senior leadership development professionals. The event explored the issues our members face in developing leaders and framed the research brief for this project. Our research approach included

- a review of relevant books, articles and studies

- interviews with over 60 academics, thought leaders and practitioners (listed in the appendix)

- an online survey completed by approximately 150 participants, predominantly senior HR and L&D executives.

We also hosted a webinar in November 2014, which is available on demand at www.crforum.co.uk.

"Bottom line: while the leadership industry has been thriving – growing and prospering beyond anyone's early imaginings – leaders by and large are performing poorly, worse in many ways than before, miserably disappointing in any case to those among us who once believed the experts held the keys to the kingdom." **Professor Barbara Kellerman, author of *The End of Leadership* (2012)**

What is this thing called 'leadership'?

Many thousands of books have been written about leadership. Professor Barbara Kellerman of Harvard University estimates there are some 1,500 definitions of leadership.

In a 1997 article entitled *'How Can We Train Leaders if We Do Not Know What Leadership Is?'* US academic and leadership consultant Richard Barker pointed out that leadership is commonly discussed without defining what it is. Is it a set of skills or traits, a position, a business outcome, a relationship or a process?

The lack of clarity and common definitions Barker highlighted nearly 20 years ago still prevail today. Some 42% of respondents to our survey said their organisation lacked a clear definition of leadership, and the same proportion don't use specific leadership theories to support their leadership development activities. Of those organisations with clearly-defined leadership, two-thirds said they had developed the definition specifically for their organisation, suggesting that each one is likely to be different.

Traditionally leadership is related to a position within an organisation, but many organisations now expect employees at all levels to demonstrate leadership. For the purposes of this report we focus on the populations that the organisations we interviewed say they target in their leadership activities – typically people in the most senior positions in the organisation or who are likely to be so in the future. We also found Professor Nigel Nicholson's (2013) working definition of formal leadership useful: leaders "make decisions or take responsibility for the co-ordination and direction of other people."

A number of assumptions underpin our exploration of how to develop leaders.

- At the most basic level, a leader needs to have followers.

- We focus on leaders as the people who are responsible for setting strategy and ensuring that the business performs successfully – typically through mobilising others.

- Although there is a move away from traditional hierarchies, nearly all the organisations we surveyed have leaders whose leadership responsibilities derive at least in part from a position of authority.

- Power is also shifting from the collective to the individual, particularly in the West, and this is having a profound impact on how leaders lead and what followers expect. Notions of hierarchy and positional authority are under threat. Leaders today need to be skilled in leading informal, network-based organisations and influencing across complex matrices and beyond organisational boundaries.

- Leaders need to build high performing, innovative cultures, and effective teams.

- Leaders today are subject to unprecedented scrutiny. Social media and websites such as Glassdoor and vault.com post no-holds-barred reviews of companies and their leaders. Reports of even minor transgressions reverberate around the world in seconds. Executive pay is also increasingly challenged.

Spend is increasing, but leadership is underperforming

Survey after survey shows that developing leadership talent is a key concern for the people who run organisations.
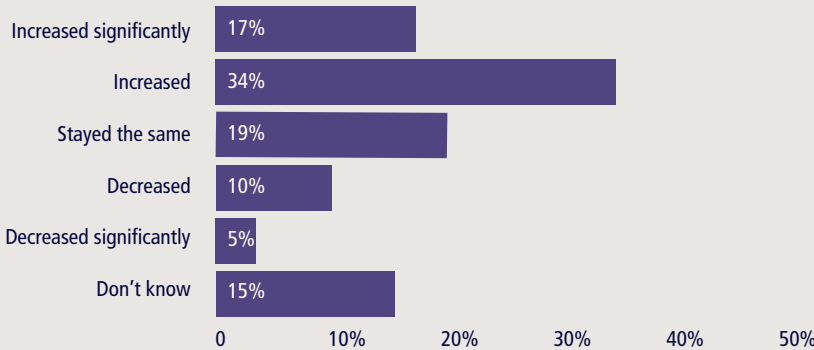
- 86% of respondents to Deloitte's *Human Capital Trends 2015* (a survey of 3,300 business and HR leaders across 106 countries) cited leadership as one of their most important challenges.

- The Conference Board's 2014 *CEO Challenge,* which surveyed over 1,000 senior leaders, found that human capital was the top challenge, ahead of customer relationships, operational excellence and innovation.

- Deloitte found that high-performing companies spend 1.5 to two times more on leadership than other companies, and reap results that are three or four times better than their competitors'.

Given this degree of focus and the potential benefits, it is not surprising that spending on leadership development has increased since the recession that began in 2009.

- Around half the respondents to CRF's online survey have increased or significantly increased spend over the past three years, with a further 19% maintaining spend at the same level. Only 15% have cut spend.

- This trend looks set to continue: 47% expect to increase spend over the coming three years, 32% expect to keep spend the same, and 6% anticipate a drop.

- Spending globally has increased since the recession. Research organisation Bersin estimates the global market for training and development to be $130 billion, of which 35% ($45.4 billion) is spent on leadership and management development. According to Bersin, spend on leadership development has increased by between 10% and 15% annually over the past three years.
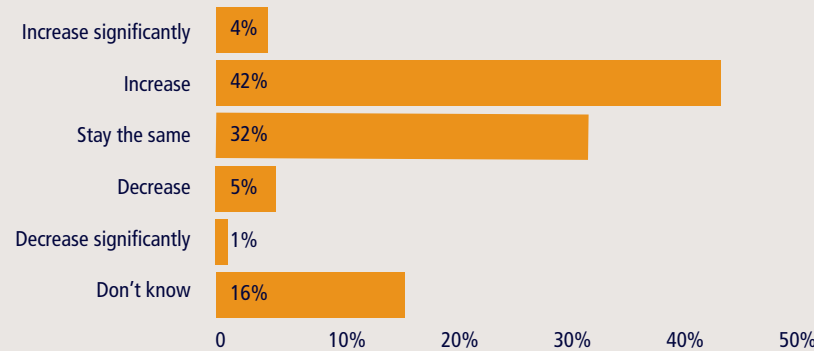
"It's not great news to look at the current state of leadership, but given the low level of bench strength, it's even more troubling to look a few years out." **Evan Sinar, Chief Scientist, DDI**

How has your organisation's spend on Leadership Development changed over the last three years?

Increased significantly	17%
Increased	34%
Stayed the same	19%
Decreased	10%
Decreased significantly	5%
Don't know	15%

Source: CRF Survey, December 2014

How is your organisation's spend on Leadership Development likely to develop over the next three years?

Increase significantly	4%
Increase	42%
Stay the same	32%
Decrease	5%
Decrease significantly	1%
Don't know	16%

Source: CRF Survey, December 2014

And yet, the results achieved don't appear to justify the investment.

- Our survey found that leadership development has a long way to go before it's fit for purpose: less than one-third (31%) of respondents rate their overall ability to develop leaders as 'Good' or 'Excellent'.

- 50% of respondents to Deloitte's *Human Capital Trends 2015* survey reported 'very important' leadership shortfalls, while just 6% rated their leadership pipeline as 'very ready'. 51% stated their leadership programmes were either weak or non-existent.

- According to Deloitte, the gap between organisations' leadership needs and current capability is significant, and appears to be widening (36 point gap in 2015 compared with 34 points in 2014).

- Leaders themselves are not feeling confident about their capabilities. Professor Theresa Welbourne of the Center for Effective Organizations at USC's Marshall School of Business, runs ePulse, a regular survey that asks leaders to rate their confidence in their leadership abilities. Leadership confidence dropped from 3.71 out of 5 in 2009 to 3.58 in 2014 (1 = not at all confident; 5 = very confident).

Trust in leaders

As the pace of change increases, so trust in leaders across both corporate and public life is ebbing. The 2015 Edelman Trust Barometer (the leading measure of trust in organisations and leaders globally) found trust in business is below 50% in a majority of countries. Levels of trust in CEOs stand at 43% globally, with levels significantly lower in developed than developing countries.

This breakdown in trust appears to be driven by a variety of factors.

- High levels of uncertainty in society generally, and particularly in organisations, which no longer offer long-term job security and whose own futures are by no means guaranteed. The scale and reach of today's large, complex organisations means leaders are more distant and less visible than they were in the past.

- High profile corporate scandals driven by greed or incompetence.

- Leaders are seen as 'self-serving'.

- A rise in the importance of 'followership', discussed further below.

Professor Veronica Hope Hailey, Dean of Bath School of Management, has researched and written extensively on trust in leadership. In a series of recent reports for the Chartered Institute of Personnel and Development (CIPD), Hope Hailey concluded that there may have been too much emphasis on selecting leaders on the basis of ability and business performance, with insufficient attention paid to how they achieve those results or to leaders' benevolence and integrity. Hope Hailey's research highlighted the following development practices to build trustworthy leaders.

- Build leader self-awareness through practices such as action learning and 360-degree assessments.

- Create opportunities for reflection in development activities to build self-awareness and increase awareness of trust.

- Reward behaviours that are perceived to be trustworthy.

Hope Hailey believes that "the nature of followership also has to change: what's needed is an attitudinal shift on the part of employees from being dependent upon leaders to also seeing themselves as responsible for creating a positive workplace environment."

"Astonishingly, a significant percentage of corporations adopt a Darwinian approach to leadership development: survivors rule. Or they occasionally throw money at leadership development through classroom training or business schools, focusing almost exclusively on cognitive learning and insight."
David Dotlich, Chairman and CEO, Pivot Leadership

Leadership theories in practice

The CRF leadership survey asked whether respondents use specific leadership theories to support their development activities. Some 58% of respondents said they do. The most commonly cited were

- authentic leadership

- emotional intelligence

- adaptive leadership

- positive psychology/strengths-based leadership

- experience-based development

- appreciative inquiry.

We are perturbed by the finding that 42% of respondents don't use identifiable theories. CRF believes it is difficult to develop leaders successfully without an underpinning theory of what leadership is, what good looks like, and how that might be developed. Many organisations shy away from being too theoretical about leadership, but we think it is important that those who are responsible for leadership development – both senior leaders and the HR function – are in agreement about what leadership means for their organisation and how it can be developed.

However, as Jay Conger, Professor of Leadership Studies at Claremont-McKenna College, cautions: "You need to be careful about focusing too narrowly on one particular model of leadership, such as emotional intelligence. Sometimes these are fad-driven. More often, they are simply too narrow a perspective on leadership. You need to identify more comprehensive frameworks that align to the demands of your specific context."

Our survey of the current landscape flagged up important questions that we explore throughout this report. Can current approaches to leadership development keep pace with the changing context and demands of leaders? Are there better ways of preparing leaders for the demands they will face in running organisations in the future? How do we ensure approaches to development are connected to the purpose and strategy of the organisation? Can we achieve better results with less investment?

DDI's Global Leadership Forecast 2014-2015

Organisational leadership has never been more important, but the fact that we keep researching and talking about the subject suggests that either the leaders we have are not the leaders we need, or that we don't have enough of those leaders we do need.

To understand the global situation DDI asked 13,000 leaders and 1,500 HR professionals in 48 countries representing 2,000 organisations their views. The results, published in DDI's *Global Leadership Forecast 2014-2015* are a fascinating snapshot of the leadership world right now. The findings take us on a journey starting with what CEOs are most concerned with, through the state of leadership readiness (including readiness for what), considering Leadership Development from the perspective of leaders themselves, and ending in the financial impact of getting leadership right, or alternately, wrong.

The context of the journey is a backdrop of increasing expectations. Whether driven by globalisation or the VUCA world, being a leader is tougher than ever before. For a leader or an organisation, standing still is just not an option.

Leadership Development exists to deliver leaders who are ready to meet their organisations' strategic challenges. However, the percentage of leaders who feel very prepared to meet their CEO's top challenges is just 27% for Human Capital, rising to 45% for Customer Relationships, and dropping to 26% for Innovation and 33% for Operational Excellence. Clearly we need to do more to deliver the leaders our organisations need.

What do leaders themselves think of their development? 37% of leaders rate the quality of their organisation's development programmes as high or very high meaning a worrying 63% do not. Leaders cite Developmental Assignments, Formal Learning Activities and Coaching as the most effective developmental methods but the blend of learning activities may not be what you expect, as you will read later in this report.

Less-than-effective development may be one reason why only 37% of leaders say the quality of their organisation's leadership is high. HR is more pessimistic with a leadership approval rating of only 25%. Even more concerning, only 15% of organisations believe they have a strong bench, a figure which has dropped since DDI's last survey three years ago. Yes, the expectations of leadership are becoming more challenging, but the bottom line is that developmental programmes are not keeping up.

Fortunately, L&D professionals are not pushing water uphill and are working with a critical group of people eager to become the leaders their organisation needs. 92% of leaders feel engaged with their role, 97% feel accountable for being an effective leader, while only 12% intend to leave their company in the immediate future.

The *Global Leadership Forecast* includes a wealth of data including success rates of millennial and female leaders, the difference between external and internal hire attainment, and the unique experiences of high potentials. Visit www.ddiworld.com/glf or email simon.mitchell@ddiworld.com for a copy.

So what? When effective development, leadership capability and positive leadership experience come together, there is correlated financial success (up to 2.3 times more likely to outperform competitors), greater bench strength and more effective succession. The effort, it seems, is clearly worth it.

"Leaders … described today's context as one where it is increasingly challenging to foresee problems, where the problems they do identify are more multidimensional in nature and the solutions required to address them are more complex, and where the power required to address these problems must increasingly come through influence as opposed to formal authority." **2013 CEO Study: Leading in Context, Duke Corporate Education**

1.2
A brief history of leadership

Leadership has fascinated thinkers throughout history. The Ancient Greeks were very interested in the subject, and Machiavelli, Sun Tzu and other gurus from times gone by are still quoted today. But in spite of huge interest, there is no widely accepted single definition or agreement about what good leadership looks like. Fashions come and go, but it is clear that

- great leaders throughout history have had significantly different approaches

- no one style of leadership is effective in all contexts

- very few 'great' leaders have maintained their success over long periods of time.

In this section, we explore the key trends that have influenced thinking about leadership over the past century, and attempt to summarise where we are today.

Pendleton and Furnham (2012) summarised four mega-trends in leadership, which we set out below. Inevitably, any attempt to distil the key themes will be rather simplistic. However, we have sought to highlight how the predominant leadership styles have developed over time.

	Classical Leadership From antiquity to the 1970s	Transactional Leadership Mid-1970s to mid-1980s	Visionary Leadership Mid-1980s to 2000	Organic Leadership Beyond 2000
Predominant style	Command and control leadership based on fear or respect.	Leaders and followers, negotiated rewards and expectations.	Based on the capacity of leaders to inspire their followers, and engage hearts and minds in a visionary image of the future.	Leadership based on buy-in and mutual sense-making.
Key approaches	Scientific management (Taylor and Fayol). Trait theory: identifying the characteristics of 'great' leaders.	Contingency theory/ Situational leadership (Hersey and Blanchard): leadership is practised differently depending on the context. Development focused on helping leaders tailor their style to the situation at hand.	Transformational leadership (James McGregor Burns): the capacity to orchestrate complex change became a key requirement of leaders. Charismatic theory: the charismatic behaviours of leaders and their ability to transform organisations.	Authentic leadership (Bill George): leaders develop a unique style that is true to their character, values and purpose. Distributed leadership: leadership emanating from individuals who lead each other, not simply from an appointed leader.
Power relationships between leader and follower	Domination	Negotiation	Inspiration	Co-creation

Source: Adapted from Pendleton and Furnham (2012)

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"The focus of leadership development needs to move from content to context. We have to help people work out how to succeed in their context." **Mike Canning, CEO, Duke Corporate Education**

What made a difference to my development as a leader?

In Chapter 4 we review research into the key elements that shape the career development of executives. The critical factors appear to be job assignments, bosses – both good and bad – and hardships.

We asked several senior executives what had been critical in their development as a leader. Some key themes emerged.

1. **Career experience at the coal-face** – working up the ranks, across geographies, markets and divisions, and doing both line and functional roles.

- Andy Street, Managing Director of retailer John Lewis, gained a deep grounding through working in the retail business and completing stints in supply chain and HR before becoming MD. Street commented: "The most important thing for me in taking on this job is that I actually understood the business because of our rich learning-on-the-job approach."

- Alex Kanellis, CEO of FTSE-250 FMCG business PZ Cussons, described being thrown in at the deep end with stretch assignments in Nigeria, Indonesia and Thailand. "I learned a lot more from emerging markets than mature markets, because in emerging markets, people are more willing to experiment, and try out new ideas. There are more opportunities for learning. In mature markets, if you get it wrong, the repercussions are more serious."

- For Doug Baillie, CHRO at Unilever, the experience of working in diverse cultures including Australia, India, South Africa and the UK helped hone his leadership skills.

- Meanwhile, key career transition points were learning opportunities for Alison Horner, Group HR Director of Tesco. Running a store meant learning to balance the competing needs of customers, people and the commercial drivers of the business. Running a group of stores required a gear shift in terms of managing people remotely and getting things done through the chain of command.

2. **Learning from either good or bad bosses (but not mediocre ones).** Andy Street described how working closely with senior leaders from an early stage in his career allowed him to see first-hand the issues they faced and how they tackled them.

Our research identified other key trends driving how organisations view leadership and how they develop future leaders.

- **Leadership is increasingly seen as a *process*.** For example, Ronald Heifetz of Harvard University defines leadership as the process of mobilising people to face difficult challenges. This can be a helpful way of viewing leadership in a world of complex distributed or matrix organisations, where leadership is enacted through a network of people rather than residing in one all-powerful individual or a rigid hierarchy. According to Bill George, one of the thinkers behind 'authentic leadership': "There is no doubt that CEOs have tremendous influence on the results of corporations. However if we examine more closely the success stories of the last 25 years … we see that each was built by a team at the top, not by a single person."

- **Shared or distributed leadership is on the rise.** Many of the organisations we interviewed consider leadership to be a key requirement of all their people, regardless of whether or not they are responsible for managing others. This may be a more suitable form of leadership for emerging, non-hierarchical and collaborative forms of organisation.

- **There is a growing desire for 'authentic leaders', who are trustworthy, genuine and consistent.** A key focus for leadership development today (as we discuss further in Chapter 3) is helping individuals understand their own purpose, values and character and what that means for their leadership style. A significant part of formal leadership development is rooted in this concept, which is also connected with the desire for trustworthy leaders discussed above.

1.3
Leadership in context

It is crucial to take account of the wider organisational context when defining what you expect from leaders and the best way to develop them. Many leadership commentators believe organisations place too much emphasis on internal considerations, and too little on the wider leadership context.

One of the challenges of many leadership frameworks, and competency models in particular, is that they are either backward looking or overly focused on the attributes of today's successful leaders (we discuss this further in Chapter 3.) Peter Thomson, author of *Future Work*, sums up the challenge: "The problem is, the bright young leaders of tomorrow are being identified by today's leaders because they share the same values and leadership approach, but we may actually need a completely different approach in future."

Leaders need to develop the important skill of future-scanning, to build insights into the trends that present either threats or opportunities. Tesco's senior leaders work with the Institute for the Future to understand key social, political, environmental, economic and technological trends. Many business schools offer programmes or faculty to help leaders make sense of the emerging context.

Some key points to consider.

- What are the social and demographic trends that will affect our market?
- What is the political and regulatory landscape in our key geographies?

"Because the world is so uncertain, leadership matters more than ever today. There is no playbook: leaders have to work it out for themselves." **Alison Horner, Group HR Director, Tesco**

- What will be the impact of changes in the environment?
- How will emerging technologies either enable or threaten our business?
- Where might new competitors emerge from – different sectors or geographies, or even new start-ups?

Leading in a VUCA world

Nearly every discussion we had for this research centred on the impact of VUCA – volatility, uncertainty, complexity and ambiguity – on leaders. VUCA, a term coined by the US Army, has entered the corporate lexicon, and organisations are increasingly feeling its effects rather than simply discussing it conceptually. So what are the implications of our rapidly changing world for today's – and tomorrow's – leaders?

- Leaders increasingly need to apply strategic thinking and judgment to ambiguous situations. As such they require intellectual breadth and agility to deal with complexity, along with the ability to resolve paradoxes and make decisions based on incomplete or conflicting information.

- Leaders need intellectual curiosity, and a broader perspective on where useful insights and information might come from.

- Systemic thinking (the ability to join seemingly unconnected dots and make sense of ambiguity) is a key skill, and one that many organisations are placing at the centre of their leadership models.

- Building networks will be a critical capability in a world where leaders need to get things done by influencing people outside their chain of command. The ability to build collaborative coalitions beyond the borders of the organisation will be vital.

- The notion of 'transformational change' is becoming obsolete. Change is no longer a one-off event that happens every few years; it is continuous. Leaders therefore need to be adaptable, and design organisations that are flexible enough to cope. They also need to be able to handle the cynicism of followers tired of constant change.

- Globalisation is accelerating. In the past, global organisations were concerned with the best way to break into emerging markets. Today they also have to contend with competitors from these markets muscling in on their patch. Cross-sector competition is also on the rise.

- Leaders have to be ambidextrous in order to balance innovation with the need to optimise existing revenue streams.

- It's impossible for leaders to know everything that's going on in their organisation – which makes a command-and-control style of leadership impossible. Leaders have to develop ways of empowering their people to make the right decisions in the absence of perfect information.

- Leaders need self-awareness, interpersonal savvy and sensitivity.

- In the era of social media, where everything is transparent and attention spans are short, they must also get their message across in a compelling way.

- Leading in a VUCA world is exhausting and requires high degrees of resilience. According to Matt Nixon, ex Global Head of Talent at Barclays: "The mental and physical strains mean senior leadership jobs have become almost untenable for most – if not all – of the people trying to do them."

What made a difference to my development as a leader? *Continued*

"I think, more than anything, they helped me understand the balance required in being a leader in the Partnership, particularly pitching the Partnership's values against commercial priorities." Street's advice to others is to choose a boss with a track record in nurturing talent, rather than a particular job or function. Alex Kanellis said his career development "was a combination of learning by doing and learning by seeing how some of my bosses did things and thinking 'I wouldn't do it that way'."

3. **Having a key adviser or mentor.** An executive coach was vital for Andy Street in making the transition into the role of MD: " If I had to dispense with all the other interventions, this is the one I would have held onto. It was both intellectually rigorous, and also a safe place to discuss difficult things." Alison Horner's experience of being mentored by a former CEO of Unilever made a big difference to her career.

4. **Formal executive education.** Although research tends to downplay the importance of formal leadership education, our interviewees found attending an intensive, top-level business school programme to be a game-changer. For Andy Street, who had worked his whole career in the same organisation, attending Harvard's Advanced Management Program for eight weeks "meant I learned a huge amount about the world beyond John Lewis. It was more right for me than many other people I've seen because I hadn't worked anywhere else." Peter Hogarth, who, as Coaching Partner at JCA Group coaches many CEOs, said a top business school programme is still critical for the majority of his clients.

And how do you keep developing once you've made it to CEO? Andy Street has deliberately appointed people to his board, who bring different experience and will challenge the organisation. "They change the nature of debate around the board table and keep me on my toes," he said. For Alex Kanellis, having a mindset that is curious and open to learning is key. "When you're in a more senior position, it's easy to forget that the best way of learning is by going and doing. So if I want to learn how e-commerce works, I need to make sure I have people around me who have grown up in that, sit with them and learn from them."

"Learning needs to work with the realities of the organisation, and be closely connected to what the business needs." **Nigel Paine, author of *The Learning Challenge***

Case Notes

We highlight a few examples of the impact of business strategy and organisation design on approaches taken to leadership development.

- **ARM Holdings**, the world's leading semiconductor intellectual property company, has a unique business model. Innovative technology is licensed by a network of global partners who have shipped more than 60 billion Systems on Chip (SoCs) containing ARM intellectual property since the company began in 1990. So a key leadership capability for ARM is how to scale the business through building strong commercial relationships with a network of partners and to collaborate across the boundaries of the organisation. As the business expands in the 'Internet of Things', it will need to engage with partners across a range of industries outside of the technology field, such as healthcare and automotive, and look to extend existing applications of its technology into new markets. Jenny Duvalier, Executive Vice-President for People, described how a recent redesign of leadership development is placing substantial emphasis on network-building as a core leadership capability.

- **Whitbread**, the hospitality company, which owns brands including Costa and Premier Inn, is expanding rapidly in the UK and overseas. This requires leaders who can grow with the business. The company has refocused its leadership model on hiring and developing high-potential leaders, rather than experienced people who quickly run out of headroom. It targets people who have high curiosity, strong intellectual capacity, drive, empathy, and influencing skills, and are courageous.

- **BT** has changed tack strategically over the past few years, targeting profitable growth by moving aggressively into new markets such as TV. This has been accompanied by a significant investment in leadership development which, according to David Young, Head of Leadership Development, amounts to "the biggest top-down leadership programme in the FTSE-100 for several years." The core focus of the programme has been shifting the culture from 'authoritative' to 'challenging'. The company believes that the models of leadership designed for a command-and-control environment are unlikely to be effective in a business environment requiring innovative thinking and commercial knowhow. BT's approach to developing leaders now centres on building their capacity to lead change through gaining commitment to challenging goals, and to inspire and coach their teams.

The leadership industry gets excited about what's new and different, but in many ways the demands of leaders haven't changed over tens or even hundreds of years, and will remain constant into the future. Jay Conger highlighted the following 'perennials'.

- Having a sense of strategic vision.
- Articulating the vision in a compelling way.
- Providing clarity around the tactics to achieve the vision.
- Aligning the organisation through multiple means to achieve the tactics.

And clearly leaders will continue to be held accountable for performance and the delivery of desired results.

1.4
Linking leadership development and business strategy

The question we returned to over and again in this research is: 'Leadership for what?' To answer this requires a deep understanding of the organisation's strategy, how it is implemented, and the implications for the types of leaders needed to deliver the strategy. Factors that have a significant bearing on the type of leadership required include industry sector, stage of maturity – start-up or established – routes to market and geographical reach. (See Case Notes in the column.)

Discussions around leadership should focus on how the business context is changing, the organisation's strategy, and the implications for future leadership needs. Leadership models built on what made leaders successful in the past may not provide the right answers for tomorrow's business challenges.

In terms of formal leader education (discussed further in Chapter 3), many organisations now build their development programmes around

- helping leaders make sense of the business strategy

- having a dialogue with peers or the CEO/other members of the top team about the business strategy

- working out what the strategy means for them as an individual leader and how they might tackle implementation.

Harvard Business School's Professor Linda Hill said that organisations she works with are increasingly using leadership development as a platform for business transformation. There is a particular focus on

- building organisational agility

- getting people to collaborate better

- moving from a product-driven to a solutions-driven strategy, which requires much better cross-functional collaboration.

"The business of followership is changing. Followers today want to know 'Why should I be led by you?' This means who you are as a leader is much more important than what you know."
David Dotlich, Chairman and CEO, Pivot Leadership

1.5
The importance of followership

An important but frequently neglected aspect of leadership is the changing nature of 'followership'. Indeed, Professor Barbara Kellerman goes so far as to say that leaders have become over-valued while followers are under-valued.

- The balance of power between leaders and followers has shifted significantly over the past decade.

- This reflects general trends in society, principally a reduction in deference, respect and trust in leaders, and the growing power of individual consumers as a result of the transparency afforded by social media and the internet.

- Leaders have less authority and positional power and need to lead through inspiration and influence.

- Followers have lost trust and are cynical about the motives of leaders in both public and corporate life.

- Increasingly, leaders can expect to be challenged and held to account by those who work for them.

As a consequence, the focus of leadership development has to shift towards defining a compelling vision, creating meaning and purpose, engaging and inspiring followers and being 'authentic'.

A further issue is the complex web of stakeholders that leaders have to influence in a highly interconnected world. As Mike Canning, CEO of Duke Corporate Education, commented: "Leaders today have to deal with a complex set of demands from a much bigger group of stakeholders, including governments, NGOs, community groups and environmental groups. It's one of the biggest things leaders have to learn."

1.6
Leadership versus management

This research focuses on leadership, but what about management? Are leadership and management the same thing? If not, how do they differ? Which is more important? Can you be a leader and not a manager or vice versa? The idea that leadership and management are different first emerged in the 1980s. Various thinkers including Warren Bennis, John Kotter, Peter Drucker and Henry Mintzberg have written extensively about the differences between the two. Here are some of the common differentiators.

Case Notes *continued*

- **Associated British Foods**, which owns brands including Twinings, Silver Spoon and Primark, has a business model built on a small corporate centre supporting highly autonomous and decentralised businesses. This means that leadership development is one of the few levers available to instil common practices, standards and leadership expectations across the group, and to build networks across businesses without undermining the autonomy of individual business units. It's also an opportunity to build leaders' awareness of the impact of changes in the external environment. Des Pullen, Group HR Director, commented: "External stakeholders, whether customers, regulators or consumers, are more influential than they ever were. So our leaders need to look up from being focused on internal issues such as improving the cost base and get better oriented to the outside world."

- The innovation model within the pharmaceutical industry is changing, and this is affecting leadership development. It's increasingly difficult to bring new medicines to market, and the sources of innovation are moving away from the large established pharmaceutical companies towards new entrants such as biotech businesses. Recognising the need to collaborate beyond the boundaries of the organisation, **Boehringer Ingelheim** is refocusing leadership development on a more inclusive leadership style designed to foster 'co-creation'.

- Different business strategies tend to result in different leadership models and different approaches to developing leaders. For example, a model based on authentic leadership suits the **John Lewis Partnership**, which operates in a fast-moving customer-focused retail environment where leadership is hands-on and feedback is upfront and immediate. By contrast, in financial services, investments in leadership development have tended to follow the 'feast and famine' business cycle. Approaches to developing leaders are often quite opportunistic, with a philosophy of allowing the 'cream to rise to the top'.

"Where the balance should lie between leadership and management is determined by the situation and the organisation design. What is clear is that management skills are universally required. We need to cultivate a leadership mentality while still honouring management skills." **Professor Nigel Nicholson, London Business School**

Case Notes – Thomson Reuters

Thomson Reuters' strategy involves moving away from running a portfolio of fairly autonomous businesses, each addressing different customer segments, towards a more enterprise-wide approach where technology platforms and other capabilities are shared across the businesses. This has involved a major behaviour shift for leaders in terms of how they interact across the group, and has led to leadership development being refocused.

For the first time in its history, Thomson Reuters is developing an enterprise-wide leadership assessment and development framework, which describes key characteristics required of leaders at the C-suite level. The company is also running senior executive development in cohorts, and building communities of practice as a way of overcoming historic organisation silos. So the design of leadership development itself reflects how the organisation is being designed to operate in the future.

At the same time, the company is encouraging moves across business units and geographic borders in order to unleash fresh thinking and new ideas. Anne Bowerman, VP Executive Development, said: "We've had more success doing this in the past 18 months than the past six years." A cross-border move doesn't necessarily mean an expat assignment in the traditional sense. For example, members of leadership team might spend a month in an emerging market to learn about opportunities and challenges there. High-potential leaders are moved into corporate functions to build a broader view of the business, and moves are also happening between different growth markets. Moves are focused on developing the capabilities needed to meet key strategic business needs. The company also identifies objectives for the assignment to reflect the business needs of the secondee's home market.

Leadership is...	Management is...
• Making sense of chaos	• Planning and organising, budgeting
• Setting vision and direction	• Implementing strategy
• Influencing and inspiring people	• Giving direction
• Building trust	• Controlling and allocating resources
• Innovating and developing	• Making things run efficiently
• Having a long-term view	• Short to medium term
• Change-oriented	• Problem solving
• Doing the right thing.	• Doing things right.

Leadership is often seen as the 'sexy' work, but good management is critical to running a successful organisation. Since the 1980s, organisations, thought leaders and executive education providers have tended to focus on leadership. We find, however, that management is coming back into fashion. Many of the companies we interviewed are now reinvesting in basic management skills such as delegation, planning and performance management.

Is it possible to be 'just' a leader or 'just' a manager? Some writers, including John Kotter, argue that executives can be either one or the other. However, the consensus view of the thinkers we interviewed for this research is that although leadership and management are different, the reality of most organisations today is that people need to be able to do both. David Dotlich, Chairman and CEO of Pivot Leadership, believes that leadership and management are increasingly intertwined: "You can't be a leader and not a manager. You have to both know where you are going and be in command of the detail."

CRF's view is that executives need to combine a range of skills, including leadership and management as they are typically defined. However, the innate characteristics of the types of people who tend naturally towards leadership or management are different, and organisations develop the skills of managers and leaders in very different ways. We discuss this further below.

Beyond leading and managing: The Executive Trinity

Stephen Bungay, Director of Ashridge Strategic Management Centre, adds a further element – and one that he thinks is overlooked in discussions around leadership versus management. It is the concept of *directing*. Bungay holds that the problems organisations in complex adaptive systems wrestle with these days are due less to an *absence* of strategy than to failing to *execute* strategy effectively. He likens the contemporary fast-paced and complex business world to the way wars and military campaigns have been waged for centuries. The Prussian army in the 19th century devised an operating model, still used by armies across the world, that provides a structure for ensuring plans and strategies are carried out until the desired results are achieved. However, the reality for many organisations is that the 'knowing-doing gap' (Pfeffer and Sutton, 2000) means good strategies translate into average performance at best.

"Many organisations are deeply under-led, but they are also deeply under-managed." **Professor Linda Hill, Harvard Business School**

Bungay encapsulates what he sees as the all-important trio of directing, leading and managing in a model he calls 'The Executive Trinity'.

The Executive Trinity

Directing	Leading	Managing
• Define strategic intent and set direction given the organisation's aims, environment and capability. • Give direction by communicating intent in ways on which the organisation can act.	• A human activity that is moral and emotional. • Motivate and inspire followers so they are willing to go in the required direction. • Inspire people to perform their own tasks better than if the leader had not been there. • Build the team and develop individuals.	• Provide and control the means of following direction. • Organise work and people. • Allocate resources. • Solve problems and create processes to organise work efficiently. • Control.

Source: Adapted from Bungay, 2011

The following key points underpin Bungay's model.

- 'The Executive Trinity' describes types of work, not types of people. Executives who rise to a senior position will need to master all three, but it's rare to find individuals who are highly skilled in them all.

- Although the Trinity doesn't define different people, it describes different skills. In most organisations, all three are almost equally important, but individual ability to master them varies.

- Leadership is in some ways the most 'junior' of the Trinity, as an executive will be required to lead as soon as they have people working for them, which can happen early in their career.

- Once someone is responsible for running something, they will need to master management.

- As someone rises into senior management and is expected to set strategy, they will need to direct. Only when someone is in a senior position will they have the opportunity to develop and practise these skills.

- Standard definitions of leadership tend to combine 'leadership' and 'direction' and thus cause confusion.

- Directing can be taught, but only to people of the right intellectual calibre. Strategy courses can provide some of the instruction, but tend to miss out on the core skill of giving direction, which is essentially formulating and communicating guidance and instructions.

- Management is largely a technical skill that can be taught as a series of skills and processes, and as such is the most 'teachable' of the three.

- Leadership is more of an art, and requires an individual to find their own way of achieving their goals through others. It is essentially a human skill.

Many organisations, including Barclays, have found this a useful framework for helping their leaders to define what the vision and strategy should be and to ensure it is successfully executed.

Case Notes – Thomson Reuters *continued*

Thomson Reuters has rolled out a major management development programme – *Managing at Thomson Reuters* (MATR) – to its 6,000 line managers over the past two years. The needs analysis conducted at the outset showed that the organisation had to be clear about the behaviours and performance it expected of line managers, and to provide some formal learning to help them develop the necessary skills. The company wanted to develop a scalable programme that it could roll out across all business units, geographies and experience levels quickly, so that people didn't have to wait years to attend. The challenge, said Michele Isaacs, VP Talent and Development, was to "create something that worked for everyone without being so vanilla it wouldn't work for anyone."

- The programme kicks off with a one-day 'summit'. A member of the executive team tells the story of what it means to be a manager at Thomson Reuters and sets the strategic context for the business.

- Prior to the summit, participants complete an individual assessment, so that individuals can tailor the experience to their needs.

- Participants complete some compulsory skills modules, such as looking at the role of the manager in the value-profit chain, and they also select from a number of other modules based on what they believe are most relevant to their development needs.

- The programme runs in different locations across the world and is also run virtually via WebEx. The WebEx experience mirrors the live experience, for example with virtual breakout groups. Indeed, the virtual format has achieved the same and, in some cases, slightly better satisfaction ratings than the live version.

- Managers have access to online skills modules, which they can tap into as and when it suits them.

- Results have been encouraging – attendees are seeing statistically significant improvements in their manager effectiveness ratings (see Chapter 5 for more detail).

Case Notes – Tesco

Tesco has worked extensively with the Palo Alto-based Institute for the Future to understand what the future context for Tesco's business might look like. Surveying the future landscape, Tesco realised that it needed to adopt a new style of leadership to keep abreast of change in the retail market.

The process for developing the new leadership model was designed to reflect Tesco's desire for a more collaborative culture. The process wasn't run as a top-down cascade from the executive team. Instead, the company conducted focus groups globally to work out how it needed to operate to be successful in the future. The result was five key words describing the target leadership culture.

- Collaboration
- Innovation
- Resilience
- Responsiveness
- Empathy.

Tesco also changed the style of leadership development to reflect the target organisational culture, getting people to explore for themselves rather than providing all the answers. Programmes were kicked off by a board member who set the scene in terms of business performance and future challenges. Discussions were then focused around the current context and applying the leadership principles in practice.

This definition of leadership was implemented before the recent developments in the company that led to the replacement of Philip Clarke with Dave Lewis as CEO – the surfacing of accounting irregularities and the mothballing of new superstores in response to the rise of discount supermarkets in the UK. Group HR Director Alison Horner's view is that the target leadership culture remains valid and is consistent with Dave Lewis's leadership style: "There was nothing wrong with the culture we set. The challenge was that this was not being lived out consistently at the top. We don't need to change the words; we just need to act on them."

Summary

While in many ways the demands of leaders are constant over time, the context of leadership is shifting, and this requires substantially different capabilities and approaches to leadership. Sadly, the evidence suggests that we are having only limited success in developing the leaders we need.

Not only is the organisational context changing rapidly, but significant advances are also being made in the fields of adult development, learning theory and neuroscience, changing our understanding of how adults learn. We explore some of the latest thinking in Chapter 2. Then, in Chapter 3, we look at current approaches to leadership development, and consider whether our methods of developing leaders are keeping pace with the context in which leaders work and harnessing new understanding about the best way to develop them.

Case Notes – Unilever

In 2009 Unilever launched a new business strategy, 'The Compass', which sets out the company's plan for sustainable living and lies at the heart of its future business model. The vision is "to double the size of the business, whilst reducing our environmental footprint and increasing our positive social impact."

Doug Baillie, Chief Human Resources Officer, described three external trends that underpin the new strategy and that will also have a profound effect on leadership development.

1. Business is shifting to the East and South. Today, 56-57% of Unilever's business is in the developing and emerging world, and this will increase to 70% during the next decade. Over the same period the world's population will grow by a billion.

2. The digital revolution means power is shifting from institutions to individuals. Speed and transparency of information put leaders under unprecedented scrutiny.

3. The end of the age of abundance. Current levels of consumption are unsustainable on a planet with finite resources and we need to find ways of living sustainably.

The overriding message is that VUCA is now 'the new normal', so leaders have to be equipped to deliver business results in this context.

In response to this challenge, the company fundamentally reviewed its leadership model in 2013, focusing on what would be required to deliver the Compass strategy in a VUCA business environment. The result, 'Unilever 2020', centred on six requirements of individual leaders.

1. Purpose and values at the centre of everything leaders do – a 'leadership compass'.

2. Authentic leadership – rooted in transparency, collaboration and co-creation.

3. Resilience.

4. Adaptability.

5. Systemic thinking – in today's complex world, leaders need to be able to join seemingly unconnected dots and make sense of ambiguity.

6. Results orientation – business results remain key, but delivered in line with Unilever's 'Sustainable Living Plan'.

Doug Baillie summarises the type of leadership required: "We need principles-based leadership – not rules-based. Leaders need to ask themselves not 'Can I do it because the rules allow me to?', but 'Should I do it?' This type of leadership is at the heart of what we do."

2

HOW ADULTS LEARN

Topics covered

Introduction

This chapter considers the models and theories that underpin how adults learn. It also looks at the latest developments in neuroscience, and explores how our emerging understanding can be applied in practice. We also review the influence of the 70:20:10 model of development and assess the importance of organisation culture in embedding learning.

"One of the greatest leverage points we have for developing leaders is the boss. They are the individual who has the potential to serve as the primary developer of leadership talent. Yet we don't do much to help bosses support future leaders." **Jay Conger, Professor of Leadership Studies, Claremont-McKenna College**

If we are to develop leaders successfully, we need to address the question "How do adults learn?" The short answer is that leadership is predominantly learned through experience. While the popularity of the 70:20:10 development model, discussed further in 2.3 below, suggests that organisations are devoting greater effort to learning through experience, we find that leadership development professionals still place considerable emphasis on formal development programmes. Most organisations could do much better in making sure people

• build on formal learning by having opportunities to put learning into practice 'on the job'

• are given more help to understand how they learn, and how they can improve through reflection, practice and repetition

• build, over their career, the experience they need to succeed as a leader (discussed in Chapter 4).

So how can we design leadership programmes to maximise learning? What steps can we take to embed learning and how can we help people retain and use what they've learned? What does the emerging understanding of how the brain works and how we react to different learning environments tell us about designing leadership interventions? How do we need to tackle the context in which people work so new ideas they discover 'off the job' are not immediately quashed on their return? These are some of the questions addressed in this chapter.

2.1
Principles of adult learning

There is an apparent gulf between what we understand about how adults learn, and the application of that understanding to leadership development in practice. Our findings reflect Jay Conger and Beth Benjamin's conclusion in their 1999 book *Building Leaders: How Successful Companies Develop the Next Generation:* "Leadership programmes of the future will have to do a better job of leveraging adult learning principles if they hope to accelerate and enhance strategic thinking and other critical and complex capabilities." This is truer than ever in today's VUCA world.

It takes many years to achieve mastery

Warren Bennis, the eminent leadership thinker, likened becoming a leader to the process of becoming a fully-formed human being – it takes many years to learn who you are, your strengths and weaknesses, and how to deploy strengths effectively and compensate for weaknesses. Conger and Benjamin estimate it takes around ten years to achieve expertise.

So how does this square with current approaches to developing leaders – typically a one-off five-day programme, perhaps a couple of modules spread over six months, 360-degree feedback, with possibly some coaching and/or action learning thrown in? Such interventions can play only a limited role in helping an individual work out what sort of leader they are, and how to develop into the type of leader they – or their employer – might want them to be. Conger and Benjamin state: "[Creating] new generations of leaders … takes enormous persistence and commitment, … [and] requires a fundamental understanding that leadership development is a never-ending process, and that it must involve all levels of an organisation."

"The world of business is quite uncomfortable with emotion, and likes to intellectualise and rationalise it. But emotions are actually really important and helpful in getting leaders to understand why they do what they do in certain situations." **Professor Ben Bryant, IMD**

The best learning is 'grippingly relevant'

We now understand that adults learn best when they can apply the content immediately to their lives. Lucy Ball and Eve Poole (2014) advocate designing leadership development to have 'gripping relevance'. So outward-bound programmes are largely a waste of time, but well-designed action-learning and experiential programmes can be very effective.

Breaking this down further, Malcolm Knowles, one of the central figures in the development of the understanding of adult learning in the second half of the 20th century, identified six principles that underpin how adults learn.

1. Adults need to know why they are learning something.

2. They learn through doing.

3. They need to be responsible for their decisions on education and involved in planning and evaluating learning.

4. They learn most from subjects that are immediately relevant to them.

5. Their learning is oriented towards problem-solving rather than content or theory.

6. They respond better to internal than external motivators for learning.

For example, logistics group Wincanton's Customer Excellence Development Programme, part of a programme designed to develop general managers, engages the company's customers in leadership development. Customers identify key business challenges, and participants are required to develop and present their plans, which the customers evaluate. For Sophie Austin Head of Talent Management, it's a great way of bringing the real work environment into development: "It really helps our people get a better understanding of our customers' business and how they can have an impact." Wincanton also organises secondments to customers as part of individual development.

Much current leadership development practice assumes that both leadership and leadership development are rational activities. However, leadership is an emotionally-demanding activity, particularly given today's desire for 'authentic', emotionally intelligent leaders.

Professor Ben Bryant of IMD bases his work on helping leaders become mindful of the emotions underpinning what they do. He creates emotional experiences and scenarios that reflect the types of challenges leaders face. Bryant has found that by exploring their reactions, participants can generate insights into how their emotions are engaged in different situations, and this helps them learn about their own leadership. Bryant's approach is to run an experiential workshop to help build awareness, and follow this up with a six-month coaching programme. The coaching includes asking participants to write journals about their experiences, which is an intensive and structured way of helping make sense of experiences and situations.

Learning too is an emotional experience. Recent research in neuroscience (discussed further below) suggests that the highest-quality learning engages the whole brain – the sensory and emotional functions as well as the logical and rational parts. Also, a moderate degree of stress appears to be the optimal environment for learning: research by Cozolino (cited in Hendel-Giller, 2011) describes the ideal learning context as 'safe emergency', combining as it does a high level of attention without the negative impact of anxiety. Emotionally charged events are memorable, but there needs to be just enough emotion, not too much. Once a situation tips over from being emotional to stressful, learning is inhibited due to release of the stress hormone cortisol, which inhibits cognitive function.

Kolb's learning model
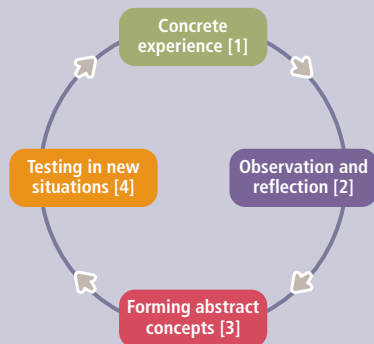
Source: Adapted from Kolb, 1984

David Kolb's experiential learning model suggests that learning happens in a reinforcing loop.

- You have an experience, which you reflect on and derive meaning from.

- Based on this meaning, you form concepts about things such as your organisation, your leadership and yourself.

- You form a view of how the concepts you've learned apply in a given situation.

- You test your theory of the case in practice to determine its validity.

Kolb claims that you can enter the cycle at any point and that learning is a process that loops round, with improvement in each loop.

An implication of Kolb's model is that learning interventions need to build in sufficient space for reflection, practice and consideration of how to apply principles on the job (discussed further below). Some have criticised Kolb's approach as over-simplistic, but it can be used as a guide to designing learning interventions that cover the whole process of learning, rather than focusing simply on theory.

Recent research by Zull, which we discuss further in 2.4 below, has linked Kolb's learning cycle to activity in different parts of the brain when we learn.

"The most effective leaders can move from a mature market to an emerging market; they have an attitude and mindset to learn from what they don't know rather than trying to impose what they know on another market; they listen to people on the ground." **Alex Kanellis, CEO, PZ Cussons**

Case Notes

One organisation at the forefront of the VUCA challenge is Silicon Valley-based **Hitachi Data Services** (HDS), one of the leading companies in the development of the 'Internet of Things'. Five years ago HDS was experiencing substantial turnover in its leadership ranks because leaders struggled to see how they could develop their careers in a flat organisation.

Over the past five years Scott Kelly, Chief Human Resources Officer, has implemented leadership initiatives designed to re-engage leaders with the organisation and help them build both their personal and professional leadership capabilities. For Kelly, the VUCA world means boundaries between professional and personal life have become blurred, so the organisation needs to support leaders in becoming "not just the best leader, but the best human being you can be", by building self-confidence and developing an authentic leadership style.

HDS now runs an annual global leadership event, involving the top 600 leaders in the organisation. According to Kelly: "We found that the most successful leaders are rooted in what's happening in the industry and can predict what's coming up. They use their insights into our customers' requirements to incubate new lines of business in response to customer needs. We wanted an event where our leaders would hear inspiring speakers, have the opportunity to build networks, and understand what we wanted them to be driving that year. The key message was: 'We're investing in you'."

HDS also invested in two best-in-class customised programmes delivered by Professor George Kohlrieser of IMD and Tuck Business School. Kelly wanted to make these the highest possible quality so that leaders would be attracted by the cachet of attending.

"The bottom line was we had to develop leaders if we wanted to keep them," said Kelly. Over the past five years leader turnover has fallen by 75%.

Learning that engages the emotions through, for example, stories, video and humour, tends to have greater impact. Stephen Bungay, Director of Ashridge Strategic Management Centre, uses video extensively, and this has both a visceral and emotional impact. CRF's 2014 report *Storytelling – Getting the Message Across*, explored the impact of storytelling on learning and information retention.

2.2
Developing VUCA-ready leaders

In Chapter 1 we considered what today's VUCA environment – volatile, uncertain, complex and ambiguous – means for leaders. How can organisations develop leaders who are ready for this challenge?

Warren Bennis identified four essential competencies leaders must have, and these encapsulate much of the current thinking about the type of leadership required in today's fast-changing context.

- Ability to engage others by creating shared meaning.
- A distinctive voice – a purpose, self-confidence and sense of self, all essential ingredients of an 'authentic' leader.
- Integrity – which is the basis of trust.
- Adaptive capacity – allowing leaders to respond quickly and intelligently to relentless change.

Ronald Heifetz of Harvard University distinguishes between 'adaptive' and 'technical' leadership.

- ***Adaptive leadership*** is required to solve "problems for which there are no simple, painless solutions – problems that require us to learn new ways." Adaptive problems demand innovation and learning.
- ***Technical problems*** may be highly complex and require deep expertise – Heifetz cites the example of doctors running a busy A&E department in a hospital. However, these problems are technical "because the necessary knowledge … already has been digested and put in the form of a legitimised set of known organisational procedures guiding what to do. … They are the product of previously accomplished adaptive work."

The VUCA context requires leaders who can mobilise people to tackle tough problems, link seemingly unrelated events and come up with creative solutions. Heifetz contends that the biggest error leaders make is trying to solve adaptive challenges through technical means.

The late Harvard Professor Chris Argyris' concept of ***double-loop learning*** also encapsulates a new way of thinking needed in a VUCA world, where the ability to challenge assumptions and view problems and potential solutions differently becomes more important. Argyris held that most people don't actually know how to learn. They are stuck in 'single-loop learning', changing actions while leaving the underlying assumptions unchallenged – essentially tackling the symptoms rather than the cause of the problem.

'Double-loop learning', by contrast, recognises that you need to modify the fundamental assumptions on which current approaches are built. Double-loop learning requires people to step back and reflect critically on their behaviour, identifying the ways their assumptions can hinder their ability to think differently about a given situation. By questioning these assumptions they can gain insights that will allow them to act differently in future.

"Some leaders jokingly tell me they long for more employees who would just follow orders, but they realise they need something more than blind following of directions. They need people to step up and have greater degrees of personal authority and an internal compass." **Professor Robert Kegan, Harvard University**

Adult development – overcoming immunity to change

Professor Robert Kegan of Harvard University, who has studied adult psychological development over several decades, argues that the leadership curriculum in a VUCA world needs to address the inner psychological demands of leaders. Kegan believes that what will distinguish effective leaders in the future is their ability to develop themselves, their people and their teams. So leaders who ask themselves "How can I make my setting the most fertile ground for the growth of talent?" will succeed.

Contrary to the prevailing view 30 years ago that adult development essentially stops in your twenties, Kegan has found that someone's 'mental complexity' can actually increase, right up to old age. His research has identified three 'plateaus' in adult mental complexity (see figure below).

Three plateaus in adult mental development

Self-transforming mind
- "Meta-leader"
- Multiframe, holds contradictions
- Dialectical (versus dichotomous)
- Problem-finding
- *Leads to learn*
- "Interdependence"

Self-authoring mind
- Can take charge
- Own compass, own frame
- Set direction
- Problem-solving
- Command-and-control leader *(learns to lead)*
- "Independence"

Socialised mind
- Team player
- Aligning
- Shapeable
- Faithful
- True believer
- "Dependence"

Complexity (vertical axis) · *Time* (horizontal axis)

Source: Adapted from Kegan and Lahey, 2010

1. **Socialised mind.** Kegan argues that most people reach a level of fitting in with the expectations of their surroundings, such as an employer. What they think and say is influenced by what they believe others want to hear. They can be a good team player or individual contributor.

2. **Self-authoring mind.** A much smaller proportion of people reach a level where they develop their own ideology or 'seat of judgement', which allows them to craft their own identity. Their sense of self is aligned with their own belief system, personal code and values. They can take stands and set limits in response to their internal 'voice'. Kegan suggests this transition is necessary for people who are required to take on leadership roles, which involve exercising independent judgement.

3. **Self-transforming mind.** A very small minority reach this level. They have their own ideology, but can step back from it and see its limits objectively. They can hold contradictory positions in their thinking and no longer feel the need to gravitate towards a polarised view. Abilities such as strategic thinking, systems thinking, comfort with ambiguity and collaboration become more pronounced at this level.

The transition between levels does not happen automatically. People of similar age and educational background can be at different stages of psychological development. Research has shown that the majority of adults (58%) do not progress beyond the socialised mind, and less than 1% achieve the level of self-authoring mind. In one study, only half of the promising middle managers tested had achieved self-authoring level.

Implications for Leadership Development

Kegan's Immunity to Change model has a number of implications for leadership development.

- Evidence has shown a positive correlation between mental complexity and leadership competence (as measured by factors including ability to inspire a vision, manage conflict and build relationships). So leaders who have achieved higher levels of mental complexity are likely to be more effective in environments characterised by rapid change and ambiguity.

- Kegan's view is that the challenges of an ever more complex world require a greater complexity of mind to make sense of it and develop workable solutions. "There may have been a day when it was enough for leaders to develop worthy goals … cultivate alignment around them, and work to keep organisational performance within the range specified. Skilful as such managers may be, their abilities will no longer suffice in a world that calls for leaders who can not only run but also reconstitute their organisations … in an increasingly fast-changing environment." (Kegan and Lahey, 2009).

- An organisation can only go as far as the level of capability of its leaders. Kegan says: "Leaders need to ask if their current level of capability is sufficient for the degree of complexity of what they want to achieve, and if not, what they can do to develop the capability they need."

- Kegan suggests leadership development should be oriented towards helping aspiring leaders move up the levels of complexity. "Just imagine how much more powerful the work of leadership development would be if it were anchored in what we now know about fostering the development of the meaning-making self in adulthood."

- Kegan's 'Immunity to Change' method (also the title of his 2009 book) sets out a process for helping people progress through the levels by surfacing and reviewing the assumptions that underpin their world view.

"Our view is that 70:20:10 is a philosophy rather than a prescriptive approach." **Ben Chambers, Global Leadership Development Director, GlaxoSmithKline**

DDI analysis of the 70:20:10 model

In its *Global Leadership Forecast 2014/2015*, DDI compared the actual time spent on different types of development activities against the 'ideal' of 70:20:10. DDI found that the actual split reported by the 13,000 executives surveyed is 55:25:20 and among organisations with the highest-quality leader development the split is 52:27:21 (see figure below). So leaders themselves perceive that formal learning and learning from others have a much greater role to play in their development than the 70:20:10 model suggests, attributing far less significance to on-the-job learning. DDI found that over-reliance on 70:20:10 misrepresents what leaders actually value and is at odds with practices in organisations with the highest-quality leader development.

DDI advises: "Do not place too much weight on percentages. Effective learning requires someone (a 'master blender') who can put together the right combination of learning activities to meet the needs of both learners and the business."

Leaders thirst for more structured development and learning from others

	70:20:10	Actual Time Spent	Highest-Quality Leader Development
On-the-Job Learning	70%	55%	52%
Learning from Others	20%	25%	27%
Formal Learning	10%	20%	21%

■ On-the-Job Learning
■ Learning from Others
■ Formal Learning
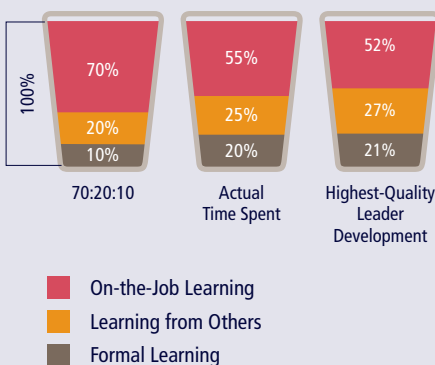
Source: DDI 'Global Leadership Forecast 2014/2015'

Kegan's work with organisations suggests that the level of mental complexity required of leaders can also be linked to the phase of development of the organisation. For example, he has worked extensively with BT as it has transformed its business. In the early stages, the priority was business turnaround. At this stage a more command-and-control-style hierarchical culture was appropriate, and led to significant improvements. However, BT is now pursuing a growth strategy focused on becoming a world-class technology and content business. This requires a culture based on collaboration, innovation and a higher tolerance for risk-taking. The shift in mindset required of leaders is challenging. An element of the company's leadership development approach is to educate leaders in Kegan's 'Immunity to Change' method and help them focus on their psychological development.

2.3
The 70:20:10 model of development

Nearly every organisation we interviewed for this research said their approach to leadership development was rooted to a greater or lesser degree in 70:20:10. The 70:20:10 model was originally developed by McCall, Lombardo and Eichinger of the Center for Creative Leadership (CCL), based on a survey of high-performing managers. They found that effective managers attributed the sources of their learning as follows.

- 70% from challenging assignments and on-the-job experiences.
- 20% from others (mostly the boss, but today this typically includes coaching and mentoring too).
- 10% from courses and reading.

The 70:20:10 split is not derived from empirical studies; it's only a rough estimate. Indeed, Morgan McCall, one of the original researchers, has described it as 'folklore'. However, building an approach that is based on the concept of learning being split across each of these factors, with the major focus being on experience, can be helpful.

- It is seductive to think that leadership development is as easy as sending someone on a training course. The 70:20:10 model makes it clear that this on its own is unlikely to lead to significant improvements in leadership practice.
- The model forces the organisation to think about the context within which formal learning takes place, and create opportunities for people to put into practice tools and theories learned in the classroom.
- It shifts the emphasis away from organising training courses towards crafting opportunities to learn in real-life situations.
- Nigel Paine, author of *The Learning Challenge*, has worked extensively with the model in practice. He says the focus should not be on learning as an end in itself, but as a means to better business performance. "The model's ultimate aim is to build a self-sustaining culture of continuous development."
- The model also provides an opportunity for L&D to evaluate critically what it is focusing on, and what is being achieved.

The idea behind the 70:20:10 model – that the majority of learning takes place on the job rather than in the classroom – is solid, but we would urge caution in deploying it.

- All the elements need to be integrated (for a further discussion see 2.6 below on embedding learning). Designers of leadership development initiatives must ensure that the three components act together to achieve maximum impact.
- There's a danger that leadership development professionals focus on delivering training programmes to address the 10%, and then simply assume that the rest happens without any further intervention. In our interviews, we found only a few organisations that had given more than superficial consideration to what was required to support the 70% learning on the job. The work of the leadership development professional is not complete once the training programme is delivered: they must also create the conditions for people to learn from their experience.

"70:20:10 [is] an undoubtedly powerful motivator, which has shaken up long-held L&D assumptions about how to support learning. It calls for L&D to become a supporter, facilitator and a driver of change, helping people to embrace learning from a more open, pervasive mindset." **GoodPractice White Paper, 2014**

- Jay Conger's research has found that training does play an influential role in helping people become more effective leaders. However, he emphasises that numerous forces within the organisation can either help or hinder the way learning is applied. "Many companies [undermine] these investments through poor designs, inappropriate support systems, inadequate rewards, the absence of coaching, and a lack of follow-through and commitment."

- The model's original designers have stated that they never intended it to be used as the prescriptive tool it has become. It is based on a retrospective look at what had been leaders' main sources of growth. Some organisations today have extrapolated this into something very different, a "near-universal planning edict", according to DDI, looking forward to how leaders should be developed. Nigel Paine comments: "The worst elements are people who are determined to get the boxes full up, … so they're not happy until they've managed to produce something and say, 'Well, we've now got our 70% of this, and 20% of that.' People who over-simplify it get into trouble."

The key point is that formal learning needs to be designed to reflect more accurately the real-life workplace, and on-the-job and formal learning experiences need to be better integrated. Also, the important stakeholders in an individual leader's development, particularly their line manager, need to be properly briefed and prepared to help that individual maximise what they learn, both from the courses they attend and from their experience on the job.

2.4
The neuroscience of learning

There have been significant advances in the field of neuroscience even over the past decade, and our enhanced understanding of how the brain processes information has profound implications for learning. One of the most important discoveries of the past 30 years is neuroplasticity: conventional thinking held that neural development stopped in young adulthood, but we now know that the brain is plastic, and capable of change even through adulthood. Learning affects the brain in one of two ways: either by altering existing neural connections or creating new ones. When we put into practice new things we have learned, the brain is reorganised to take in new data and, if it is useful, retain it.

Traditionally, it was thought that learning was a rational process, focused in the brain's prefrontal cortex. Now we understand that learning happens all over the brain, and engages emotions as well as logic. Therefore, to gain maximum impact from learning, it is necessary to engage as much of the brain as possible – through stimulating different senses and emotions. Yet in practice more time is spent on developing content than on thinking about how learning happens and how to enhance learning.

A word of caution, however. Our understanding of how the brain works – and in particular how to apply what we have learned in practice – is still in its infancy. It is important to avoid drawing conclusions that could easily be disproved as our knowledge deepens. But already results from empirical studies suggest that brain science can be applied to design learning that people are more likely to remember – and that reduces the time they need to spend away from the job. For organisations under pressure to keep resources under control and maximise training impact, developments in this field are likely to be of interest.

The Deliberately Developmental Organisation

Professor Robert Kegan's work with organisations focuses on how his principles of adult learning (discussed in 2.2 above) can be applied at an organisational level. His concept of the 'Deliberately Developmental Organisation' (DDO) describes cultures that are incubators for ongoing development. Kegan, building on Professor Carol Dweck's work on mindsets, finds that most organisations are stuck in a fixed mindset. "In most organisations, everyone is performing a second job: they're covering their backside; managing people's favourable impression of them; and not revealing their limitations and uncertainties." DDOs, by contrast, have a growth mindset, which engages people at their 'growing edge'. Kegan says: "A better answer is to craft an organisation culture which has as its first goal making the culture a developmental one. Leaders should be directed towards enhancing the capabilities of the people they have, helping people uncover blind spots, and questioning fundamental operating assumptions. Most organisations just have to work around people's issues and this is a very inefficient way to operate."

- In practice this means that leaders have to accept and acknowledge their limitations. It needs to be acceptable to talk about your weaknesses in order to be helped to move beyond them.

- The optimal developmental culture has both a high degree of challenge and a high degree of support. A high degree of challenge combined with inadequate support tends to breed defensive routines such as back-covering and negative politics. Lots of support with inadequate challenge fosters a 'vacation' feel, which can breed complacency.

"I think successful development is all about the attitude of the person going through the experience. If you're a naturally inquisitive person, you will find opportunities to learn from anything that's thrown at you." **Andy Street, Managing Director, John Lewis**

Experiential learning – what happens in the brain and body?

Experiential learning has become increasingly popular over the past decade, and is perceived as having a greater impact than traditional approaches to teaching leadership. Eve Poole and colleagues at Ashridge Business School, supported by neuroscientist Professor Patricia Riddell of the University of Reading, conducted a study of an experience-based leadership programme at Ashridge in order to understand individuals' physiological responses and identify the implications for learning.

The programme was based on simulations of typical critical incidents participants would be required to deal with as leaders, such as handling a performance problem, or making important decisions. The researchers measured reactions to the simulations by monitoring participants' heart rates throughout the programme. They then compared these with self-reports of learning to assess the impact of learning at different levels of 'stress'.

The research was underpinned by the concept of 'fight or flight' – the activation of the sympathetic nervous system in response to stress. In theory, when we believe we have the resources to meet the demands of a stressful situation, this instigates a 'challenge' response, which is associated with improved cognitive performance. When we perceive that the demands of the situation outweigh our ability to cope, this induces a 'threat' response, impeding cognitive performance. The study tested this by placing participants in intensive leadership simulations that allowed them to experience the emotional roller-coaster associated with these experiences in a safe and supportive environment. The objective was to develop 'muscle memory' so participants would be better able to cope when similar situations arose back at work.

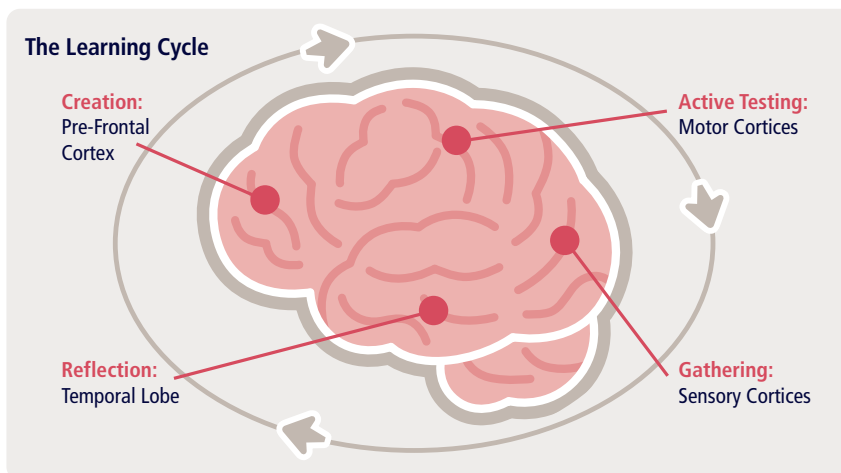What practical lessons can we draw from the current state of play?

1. Current approaches to learning tend to focus on what people need to know, rather than how they will learn. If we want people to apply more of what they've learned, this focus needs to shift.

2. Less is more: organisations need to reduce the quantity of content and focus on what's most important. This may be counterintuitive in today's information era, but cognitive overload is the inevitable consequence of being asked to do too many things at once. Stephen Bungay suggests looking at the same concept through different lenses rather than introducing lots of different theories.

3. The brain needs time and space to embed learning. Creating opportunities for reflection without distraction is valuable. Sleep is also critical, as that's when the mind synthesises information. A good idea is to recap the following day.

4. Learning approaches that engage multiple senses are likely to lead to better learning. Stimulating different parts of the brain simultaneously generates greater brain activity. Visualisation and mental imagery engage the brain in a very similar way to real-life practice. Using video and other media, stories, humour and experiential learning may improve learning effectiveness.

5. Making the experience emotionally engaging enhances learning. Learning based in emotion is stored in the memory more strongly and for longer than purely cognitive learning.

6. The brain functions better when we exercise. Nigel Paine advocates building in ten minutes' walking discussion in pairs throughout the day. Learning activities should also be scheduled around natural energy peaks and troughs.

7. Creating opportunities for people to make meaning of what they've learned and apply it in their own way is beneficial, as is helping learners to tap into their prior knowledge and experience and make new connections. This can be done through storytelling, making comparisons or drawing analogies.

8. Organisations can allow for active testing by encouraging people to turn abstract concepts into action plans and activities. For example, setting up an experiment to test out an idea, or asking someone to explain what they've learned to another person, can help embed learning. New brain pathways are laid down by repeated practice.

9. The discovery of 'mirror neurons' shows that you can learn from doing something yourself, from observing others do it, and even imagining yourself doing it.

10. Teaching learners about how the brain works and helping them to consciously adopt effective learning strategies significantly increases their capacity to learn.

Linking the learning cycle to how the brain works

Research by Zull, 2002 (reported in Hendel-Giller et al), has linked Kolb's Learning Cycle to the structure of the brain. Zull found that each step of the learning cycle is predominantly focused in a different part of the brain. It is not just the 'rational' parts of the brain that are engaged – the physical senses and emotions are also involved.

"Experiences are important, but if people haven't reflected on and learned from them, just having the experience in itself doesn't necessarily mean people perform any better as a result." **Anne Bowerman, VP Executive Development, Thomson Reuters**

1. We gather concrete experiences through the sensory cortices – through sight, smell, taste, touch and hearing.

2. When engaging in reflective observation, we draw on the temporal lobe, which processes sensory information into language, memory and emotions.

3. We create new concepts in the prefrontal cortex, which is concerned with decision-making, judgement and problem-solving.

4. We actively test through the brain's motor cortices, which are involved in the planning, control and execution of voluntary movements.

The Learning Cycle

Creation: Pre-Frontal Cortex

Active Testing: Motor Cortices

Reflection: Temporal Lobe

Gathering: Sensory Cortices

Source: Hendel-Giller et al, 2011

The authors of the Zull study suggested six design principles for brain-friendly corporate learning.

1. Engage the entire learning cycle. Make time for reflection, creation and active testing as well as absorbing new information.

2. Make connections with the learner's prior knowledge and experience.

3. Create opportunities for social engagement and interaction as part of the learning process.

4. Engage both feeling and thinking.

5. Work hard to gain, hold and focus the learner's attention.

6. Engage as many senses as possible – especially sight – when designing learning.

This latest thinking reinforces the importance of experiential learning, simulations and gaming, which we discuss in Chapter 3.

2.5
Embedding learning into performance

"Most people go through life undergoing a series of happenings, which pass through undigested." This comment by Saul Alinsky, the American writer, could also apply to many leadership development programmes. How can we ensure that the many billions of pounds or dollars organisations spend on leadership development actually translate into improved leadership performance? Ultimately, individuals need to commit to changing their behaviour and it can take years of dedicated practice until routines become habit. However, we find some organisations are better than others at helping their leaders understand how they learn, reflect on their experiences and commit to putting learning into practice.

Experiential learning – what happens in the brain and body? *continued*

The study's findings suggest that learning experiences that are challenging for leaders are likely to result in longer-lasting and more effective learning. The conclusions include the following.

- Finding opportunities to practise dealing with difficult situations can help prepare leaders to be successful when they encounter them for real. By practising, leaders improve their perception of being able to rise to the challenge. If they do this under pressure and with the opportunity for reflection and feedback, learning is improved.

- Developing 'muscle memory' through practice on the programme meant, when leaders faced similar scenarios at work, they perceived they had the resources to cope, as they had experienced them before.

- Moderate levels of stress appeared to enhance cognitive processes and result in longer-lasting learning.

- There is a fine line between 'challenge' and 'threat', so it is critical that experiences happen in a safe and supportive environment.

- Programmes must be run by experienced facilitators who pay attention to participants' responses and provide appropriate feedback.

- The 'happy sheets' that L&D functions typically use to evaluate participants' reactions to a programme may give a misleading impression of the programme's effectiveness. Attendees may not appreciate challenging experiences 'in the moment', but if they are well designed they should feel their impact over time.

The study concluded: "In order to prepare leaders for the challenges of leadership, development needs to be hard-hitting, challenging, and present the potential for failure. Carefully taking leaders into the 'stretch' zone raises their heart rate, and improves both their cognitive performance during the experience and their perceived learning from it." (Waller et al, 2014)

"Sometimes the best development happens when your boss is off sick." **Gregor Thain, Vice-President Global Talent & Leadership, InterContinental Hotels Group**

Case Notes

The Leadership Development team at **GlaxoSmithKline** recently piloted an approach to help leaders develop 'conscious competence' in terms of understanding what they are learning on the job and how they can apply it. This involves a simple three-stage process.

1. **Identifying opportunities for learning, based on the individual's personal objectives.** First, participants were briefed on 11 characteristics of good on-the-job learning, based on research by CCL. Second, participants evaluated their personal objectives against the criteria for good on-the-job learning, to identify opportunities for maximising learning.

2. **Practising extracting learning from job experiences.** Participants were encouraged to reflect on their learning, both individually and with their line manager. The company provided a simple reflection model with some key questions participants could use to guide their reflection. Participants also supported each other as a cohort.

3. **Evaluating results.** Participants completed an evaluation questionnaire, which asked them what opportunities they had to put learning into practice, how the process of reflection had worked for them, and what barriers they had encountered.

Ben Chambers, Global Leadership Development Director, found that although leaders didn't find reflection difficult in itself, they struggled to prioritise it ahead of other work. A key lesson for Chambers was the importance of engaging the individual's manager in the process. In the pilot, participants were merely asked to share their learning with their line manager, but Chambers says that future programmes will seek to engage managers much earlier in the process, so they can be educated in the importance of creating space to learn, and help create the right conditions within their team.

Organisations could improve the overall learning experience by making sure people are adequately prepared for learning. Participants in development programmes may have done some preparatory reading, or completed a 360-degree assessment or psychometric tests. But are they really clear why they are there, what they can expect to learn, and how they are likely to apply that learning at work?

- *Better briefing of programme participants*. This is an opportunity to agree learning objectives, prepare for what the individual is likely to learn, and plan for what might need to happen to allow them to put the learning into practice. For example, InterContinental Hotels Group (IHG) holds a briefing meeting with individuals before each formal leadership development event.

- *Line managers need to be involved*. They need to understand what's covered on the programme and how they are expected to help their team member put the learning into action. This can help avoid 'organ rejection' when an enthusiastic learner wants to put into practice some new skills on their return.

- *Teaching people how to learn*. Most leaders are unaware of adult learning theory and its practical implications. Helping individuals understand both the general principles and their own learning preferences can make a big difference.

Adult learning theory tells us that people need time and space to reflect on what they have learned and plan for how they will put it into action. But reflection doesn't come easily to most people, particularly in today's organisations where senior people are 'always-on', distracted by the constant flow of information.

- Warren Bennis thought that reflecting on experience is extremely important in understanding yourself as a leader. He suggested conducting a Socratic dialogue with yourself as key experiences happen: "What really happened? Why did it happen? What did it do to me? What did it mean to me?"

- Morgan McCall, Professor of Management and Organization at USC Marshall School of Business, described a study in which he contacted a number of newly promoted executives on a two-weekly basis and asked the following questions: "What have you done since we last talked? What, if anything, have you learned from it?" At first the executives were so busy they found it difficult even to articulate what they had done, never mind what they had learned from it. However, over time, by paying attention to what they were learning, their experience became richer.

- David Dotlich doesn't think it's difficult to teach people how to reflect: "You can give people a few good questions to get them started." However, the challenge lies in creating the time and space for people to reflect on what underlies the situation at hand and what they can learn from it.

- Harvard Executive Education uses 'journaling' as a way of getting executives to reflect on what they have learned. Programme participants write up their own case studies, based on a difficult situation they are facing at work, and work through the case with faculty, colleagues and external coaches.

"The problem is that leaders emerge from training emboldened to try new things, but sink back into the prevailing company culture – which hasn't changed. You can't expect people to change the context when they return. You need to tackle the organisation at a systemic level and work on the cultural barriers to change." **David Dotlich, Chairman and CEO, Pivot Leadership**

Designing good learning

- *It's tempting to cram too much information into programmes, but this often leads to confusion.* Many of our interviewees recommended focusing on one or a very small number of theories, and building in opportunities for practice. Stephen Bungay commented: "When you teach theories, people usually have at best a confused view of the theory after they've heard it for the first time. It's only after repetition, follow-up and practice that they can actually make sense of it and use it. Be more modest and realistic in what you expect people to acquire in a classroom, and try to link it to the work environment."

- *Build in time for discussion and provocation.* People learn a lot through having the opportunity to debate with one another or quiz senior leaders on the organisation's strategy. One of the features that made GE's Management Development Institute at Crotonville so successful was the time CEO Jack Welch spent 'in the pit', debating with up-and-coming leaders and sharing his insights. Goldman Sachs has also made meaningful discussions with the top executive team part of its senior leadership development activities. This needs to be two-way dialogue, not just a strategy presentation.

- *Build in opportunities for practice.* Simulations and experiential learning are good ways of creating an environment that's as close to real work as possible, giving people a realistic experience of putting theory into practice.

- *Think about the spacing of 'content'.* Many organisations now run modular development programmes over the course of six months or a year, combining activities such as action learning, coaching or experiential activities with classroom learning.

Creating opportunities to put learning into practice

Leaders don't learn unless they can undertake deliberate, focused and repeated practice. Chapter 4 considers the experiences that leaders need to build over the course of a career and how organisations can manage this. But learning opportunities can be crafted into everyday work – people don't have to move jobs in order to learn. Options include

- stretch assignments
- project roles
- action learning
- deputising for a more senior person
- secondments
- non-executive directorships or pro-bono work. For example, John Lewis looks for opportunities for potential future leaders to build their skills and experience through partnering with not-for-profit organisations or local schools.

There are a number of important points to consider when designing good learning opportunities.

- Who is responsible for making experiences available to help leaders learn? Is it the individual? Their line manager? HR? We find organisations have less spare capacity today and are generally less paternalistic than they used to be. So, increasingly, responsibility lies with individuals themselves.

Building learning support networks

- Many organisations build programmes around cohorts who go through a longer-term learning experience together. This allows people to build cross-company networks as well as providing support for learning. GSK has taken this a stage further, and doesn't allow people to attend programmes unless there is a mechanism in place to support learning back at work. For example, the company may require anyone attending a programme to have at least two others from their business area attending so they have support when they go back to the job.

- Coaching is a key feature of many development programmes today, both during and after the programme. Coaching can help participants develop plans for putting learning into action and can also hold them to account for doing the work required to learn. Many organisations use internal coaches or peer coaching among participants. CRF's 2014 report *Coaching – Business Essential or Management Fad?* discusses in more depth how to design good coaching interventions.

- Mentoring is also widely used for developing leaders. The idea of a learner watching a master at work and emulating him or her has been in use for millennia, and many surveys of what made a difference to the development of senior leaders emphasise the role of mentors. Some organisations are using reverse mentoring, where a leader is mentored by someone more junior, for example to help them understand social media.

- Social media is increasingly used to support leadership development. IHG, for instance, has a 'Leaders Lounge' – a social media platform to which approximately 3,000 users log in at least once a week. Leaders can post questions and get feedback and advice from a network of peers across the globe. It's particularly useful for hotel general managers, who can feel isolated running a property in a remote location. John Lewis sets up a Google Plus community for each cohort to allow them to continue to share what they've learned. Jo Kelly, Head of Partner Development, said: "We've been surprised by the extent to which people have engaged with this: there's a strong desire for contact and community."

"One of the major challenges in leadership development is there's lots of work done on understanding the self, such as through 360-degree feedback, but not enough focus on the interaction between the self and the situation." **Professor Ben Bryant, IMD**

Clean fish and dirty tanks – the organisation context for learning

One of the principal reasons leadership development doesn't work, is that individuals attend a great programme, learn new things, are keen to put them into practice, but then return to work and find nothing has changed, so they quickly forget what they have learned. Pivot Leadership likens this to putting a clean fish back into a dirty tank. "Teaching individuals to be great leaders without reference to the environments in which they lead has minimal impact. … You can take the leader out of his organisation and give him new skills, but when you plunge him back into the organisation, the learning doesn't stick. The clean fish gets dirty again soon enough." (Sullivan, Philpot and Meeks, 2014). Some of more forward-thinking organisations tackle this issue by treating leadership development as an organisation development intervention. So at the same time as building the skills of leaders and helping them develop the right mindset, they also work on the organisation culture, structure and communications channels. David Dotlich, CEO of Pivot Leadership, suggests the following.

1. **Address systemic issues before implementing a development programme.** Organisation development (to address the culture) and leadership development need to be implemented together. Understanding the informal organisation before designing leadership development interventions can help surface systemic roadblocks.

2. **Involve the executive committee.** This needs to be more than token involvement – they need to buy into and demonstrate the values underpinning the development. Behaviour at the top that runs counter to the programme's objectives needs to be tackled.

3. **Use leadership development as a diagnostic tool to identify systemic issues** that inhibit company performance.

4. **Customise the process to your organisation.** Off-the-shelf solutions will not address the specific needs of your business.

5. **Work hard on implementing working principles such as simplicity and transparency.**

- The ideal time to apply new skills is immediately after a formal learning programme. The longer the gap between learning and practice, the less likely it is that new skills will become embedded. The onus should be on the individual to make sure they meet their line manager after an event to share what they learned and work out how to create opportunities to practise it.

- People may not be able to learn and deliver the highest standards of performance at the same time, and organisations may have to make a short-term trade-off. Sometimes people need to be allowed to make mistakes or even fail. But Professor Nigel Nicholson thinks this has become difficult: "Today's performance culture within organisations doesn't allow for that. People tend to focus on avoiding punishment and so don't really learn from mistakes." Line managers can help by being clear about performance expectations at different stages of learning.

- How should an organisation build into the assignment the time and capacity for learning? Employment Researcher Dr Wendy Hirsh thinks it's really important to structure work so people can learn: "You need to create space to discuss how things have gone and what has been learned. If people are too busy 'doing', there's no capacity for learning." Gregor Thain, Vice-President Global Talent & Leadership at IHG, reflected the experience of many organisations: "The classic comment is 'Because I've been on this big project, I've not had time for my own development.' It's such a missed opportunity to put things into practice."

- Individuals need to be made accountable for their own learning, but line managers can make a crucial difference in making sure individuals focus not just on achieving performance objectives, but also take the time to reflect on what they are learning and make sure they are meeting their learning goals. Some organisations make it an explicit part of line managers' roles to spend time helping their people learn from experiences.

This chapter has examined some of the recent thinking in adult development and neuroscience, and considered more established knowledge, all of which has important implications for the way leadership development should be designed. However, we don't find that much of this knowledge is translating into improvements in practice, and there's still a preponderance of lecture-based learning. There's also a lack of awareness among in-house leadership development specialists about the points discussed here: they are still largely focused on designing and implementing formal training programmes.

3

CURRENT PRACTICES IN LEADERSHIP DEVELOPMENT

Topics covered

Introduction

This chapter looks at current trends in leadership development, both in terms of content and process. We examine how the latest technologies are being used to support leadership development. We also look at the role business schools play in supporting corporate learning.

"We used to think about knowledge in disciplines, and we expected people to integrate the disciplines themselves. Now we focus on working through problems, and wrap the disciplines around." **Mike Canning, CEO, Duke Corporate Education**

Can leaders be developed?

Whether leaders are born or made is an age-old question. Genetic research suggests that around 30% of leadership capability can be attributed to our genes, but that still leaves 70% to play for. But can leaders really be taught to lead, or are the vast sums spent on leadership development a waste of money? We hoped to find research that answered the question as to whether teaching leadership makes a difference, or that at least compared the effectiveness of different methods of leader development, but we found nothing beyond a couple of narrow studies. So it seems that our current approaches to leadership are, if not exactly an act of faith, based largely on impressions and anecdotal evidence rather than hard facts. Professor Barbara Kellerman of Harvard University is an outspoken critic of what she terms the 'leadership industry'. Among her criticisms of current approaches to leadership development are the following.

- There's an assumption that leadership can be taught, but a lack of objective evidence to support this position.

- There's a presumption that people can learn leadership quickly and easily, whereas experience suggests it takes many years of practice.

- Much development is based on the idea that one form of leadership can be taught simultaneously to different people in different situations, but context should not be ignored.

- Teaching is leader-centric, with insufficient focus on followers, who should not be excluded from the learning process.

- There is too much focus on maximising good leadership as opposed to minimising bad leadership.

In Chapter 5 we discuss further the lack of evaluation of leadership development, and consider how this could be improved.

Our research shows no consensus on the best way to develop leaders. Experts' views differ widely, and organisations implement the experts' ideas in different ways. The CRF survey we conducted as part of this research found that only two-thirds (68%) of respondents have a structured process in place for developing leaders, which suggests there's a lot of work to be done to build robust practices. In this chapter, we review how leaders are being developed in practice, and highlight examples from a variety of businesses. We begin by examining the theories and principles that underpin some of the most common approaches to developing leaders. Next we look at what organisations are seeking to achieve from investments in leadership development, and how they are designing programmes to achieve these objectives.

3.1
Leadership pipelines and passages

The Leadership Pipeline

Many of the organisations we interviewed link leadership development to key career transitions, crafting specific programmes to help people make the transition to first-line leader, or move from functional leadership to general management, for example. The Leadership Pipeline, developed by Charan, Drotter and Noel, is the most frequently-cited framework for describing these transitions.
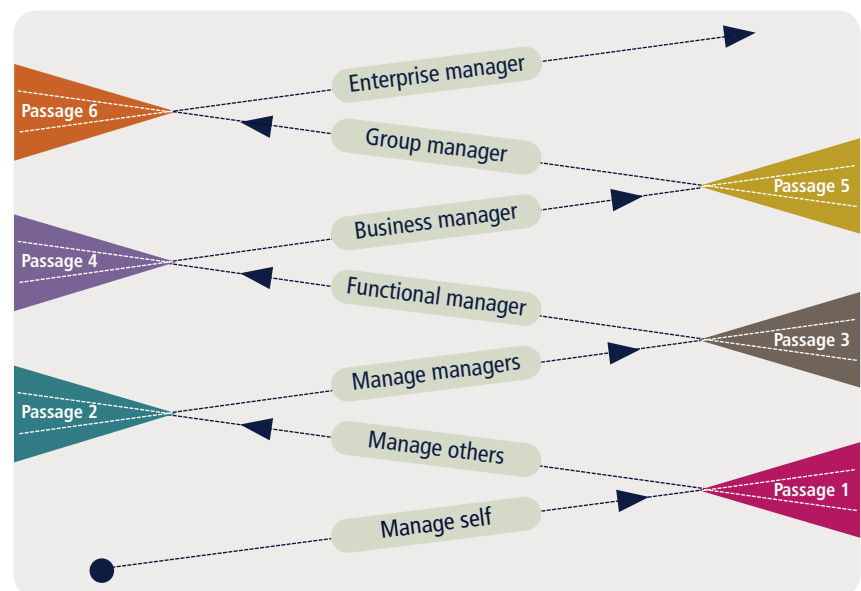
Source: Charan, Drotter and Noel, 2011

The Leadership Pipeline is founded on the principle that there are different levels of leadership, and individuals need to make skill and value transitions at each level. This means both learning new skills and 'unlearning' other things that may have worked at one level but will hinder continued progress. One of the main reasons people fail when they are promoted to leadership positions is their reluctance to stop doing the things that made them successful in the first place. For example, on promotion to first-line manager, they may find it difficult to prioritise managerial work ahead of what they used to do as an individual contributor.

"Company 'sheep dip' programmes don't work because they don't focus on the individual needs of the people who are at the top. Everyone gets the same programme, and there's no accountability in terms of linking with their objectives or performance. It's often just a corporate jolly." **Peter Hogarth, Partner, JCA**

There are six key career passages in the Pipeline, and failure becomes increasingly expensive for the organisation the further an individual moves through them. Each passage represents a different level of complexity, and a major change in job requirements.

- Skill requirements – new capabilities are required to execute new responsibilities.

- Time applications – new timeframes govern how people work.

- Work values – what people believe is important and becomes the focus of their effort.

See the column for examples of how some organisations we interviewed are helping leaders navigate key transitions.

Leadership passages

Dotlich, Noel and Walker have identified common 'passages' – intense experiences that can be a catalyst for growth. Going through a passage can either derail a career or lead to a step change in leadership capability. As the figure below shows, the passages combine personal and professional experiences.

Leadership passages: the personal and professional transitions
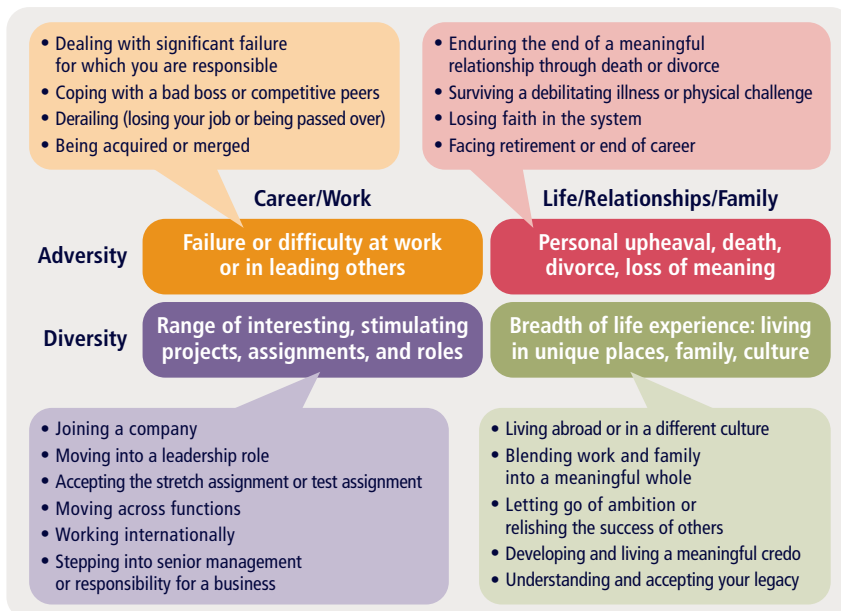
Source: Dotlich et al, 2004

There are a number of keys to successfully navigating the passages.

- An individual's attitude and reaction to the events they experience in the passage determine whether they become more or less effective as a result.

- People need a learning mindset to benefit from the experience.

- Learning from a passage requires letting go of past assumptions: "You have to admit that some of the attributes, qualities, attitudes and skills that made you successful in the past won't necessarily make you successful in the future."

Case Notes

GSK offers programmes for leaders at five levels, based on a modified version of the Leadership Pipeline.
- Leading Self
- Leading Others
- Leading Managers
- Leading Leaders
- Leading the Enterprise.

Each programme involves a six-month learning journey, in small cohorts of five to six people, with a strong action-learning orientation. The content of each programme is designed to relate as closely to real-life experience as possible, and build in opportunities for practice and reflection. Business simulation is used at each level, with the content tied to the types of leadership challenges faced at each transition. For example, a team leader would have to make decisions about allocating staff, engaging the team, and dealing with issues within the simulation. At a more senior level, the focus of the simulation would be on developing and implementing strategy.

SABMiller's leadership philosophy is built on an expectation that people at all levels behave in a 'leaderly' way. The company's leadership development framework covers individual contributors and specialists as well as managers and leaders.

Leadership development is seen as a tool for organisation development, building a global and regional community of leaders to implement the business strategy. Over the past 18 months, programmes have been repositioned in line with a strategic shift away from growth by acquisition towards integrating the business globally and an increased focus on organic growth.

The company has based its approach on the Leadership Pipeline. Participants work together in cohorts for a year, with coaching support.

1. Leading self – predominantly virtual and online learning in global and regional cohorts. Content is focused on building awareness of the business strategy and learning about yourself.
2. Leadership fundamentals.
3. Leading managers.
4. Leading a function – connects with functional academies within L&D.
5. Leading the business – partnered with the Saïd Business School at the University of Oxford. This is designed to broaden the perspective of senior leaders by exposing them to a variety of topics to promote new thinking and behaving.
6. Team effectiveness programme for country operating boards.

"At best, there is a loose coupling between the results a leader achieves … and any specific set of behaviours and competencies." **Jay Conger, Professor of Leadership Studies, Claremont-McKenna College**

Case Notes *continued*

InterContinental Hotels Group (IHG) combines a strong focus on experience-based development with a tailored version of the Leadership Pipeline, which underpins formal development programmes. Each transition is supported by structured development, built on the 70:20:10 model. Formal programmes run for six months, with time for practice built in throughout and supported by online learning and social media.

IHG's approach is underpinned by a light-touch leadership framework, which describes the expectations of leaders at each level – in output rather than competency terms. The framework covers

- what leaders should be doing at different levels and the things they should stop doing or leave behind
- common mistakes at each level
- the time horizon people should be thinking about at a given level
- appropriate development options, built on the 70:20:10 model
- critical experiences leaders should have at each level.

Over recent years **Linklaters** has built an approach to leadership development that supports leaders at all career stages, even at the top of the partnership.

1. 'Leaders of the Future' is a new, year-long programme that helps potential partners begin developing crucial partner skills as early as possible.
2. A women's leadership programme (described later in this chapter) has helped improve the ratio of female partners.
3. A pre-partnership development centre helps potential partners develop a business case for promotion, gain a deeper understanding of how the business works, and build their personal brand and impact.
4. A new partner development programme runs for 18 months post-promotion and focuses on the challenging aspects of this key transition, such as winning new business. New partners are coached by more senior partners who have been trained as coaches by Meyler Campbell.
5. Partners of five to eight years' standing attend a programme with London Business School, underpinned by coaching. They undertake 'leadership experiments' designed to broaden their perspective and introduce them to new ways of tackling their leadership role.
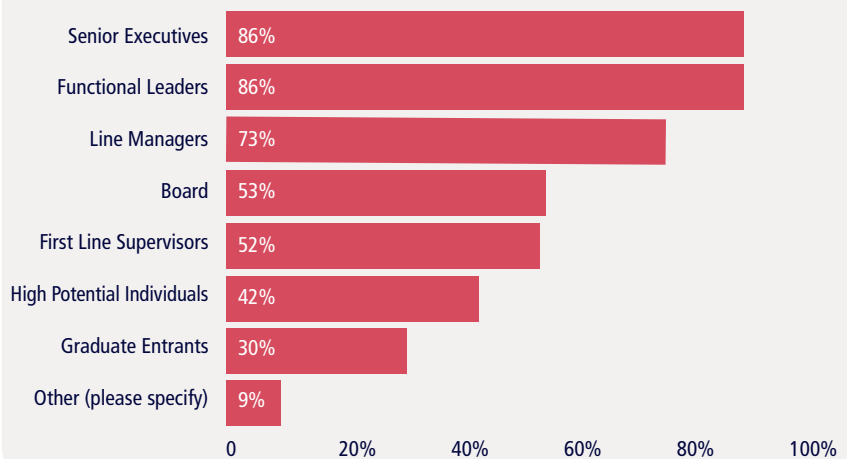

People are often left to sink or swim, but Dotlich et al found that support such as coaching can help people see a challenging situation as an opportunity for growth, or help them extract maximum benefit from the experience. The difficulty is that many of the transitions – personal upheavals for example – can't be planned for, and individuals may be reluctant to bring personal issues to work.

> Successful navigation of transitions would seem to be a sensible place to focus leadership development (but see the Nestlé case notes in Chapter 4 for an alternative view). In any case, there is still much to learn about how to help people through transitions, and which transitions are the most critical from a leadership development perspective.

3.2
Leadership competencies

CRF's leadership survey found that a significant majority (80%) of organisations has a defined set of leadership competencies and/or standards, principally targeted towards senior and middle managers (see figure below). However, only 58% of respondents thought their organisation had a clear definition of leadership. This suggests that many organisations are setting standards for leadership without being clear about what they are aiming for.

To which populations does your definition of leadership apply?

Population	%
Senior Executives	86%
Functional Leaders	86%
Line Managers	73%
Board	53%
First Line Supervisors	52%
High Potential Individuals	42%
Graduate Entrants	30%
Other (please specify)	9%

Competency models are appealing, because they appear to provide clear answers about what leaders need to do and how they should behave. But there are numerous problems with competencies.

- The models are generally too complicated: many contain more than 20 different dimensions or behaviours, but most people struggle to develop more than one or two at a time.

- They presume that there is one best way of leading, and that this remains stable over time. Neither of these presumptions is borne out in reality. There is no such thing as a 'perfect' leader and leaders with very different styles can be equally successful. Morgan McCall comments: "It is much more manageable … to search for only one set of attributes than to contend with the possibility that people with quite different attributes might be equally effective or that people might change over time for the better or for the worse as a result of their experiences."

"Leadership isn't about personality; it's about action, output and choices." **Gregor Thain, Vice-President Global Talent & Leadership, IHG**

- They tend to be backward looking, focusing on the attributes of successful current or past leaders. Wendy Hirsh believes that competency frameworks need to reflect how the business is likely to change in coming years, not just what made it successful in the past.

- They focus on behaviour and/or activity rather than results, and often look remarkably similar from one organisation to another.

Competencies can, nevertheless, be useful in highlighting the values and behaviours the organisation prizes and those it considers unacceptable. They can also be used to build a common language about leadership, and can help people who are making the transition from one level of leadership to another to understand what they need to do differently at the next level.

So what's the alternative?

McCall and Hollenbeck (2007) argue that the focus of development must move away from behavioural models to 'strategic demands'. They suggest the following approach.

1. Identify strategically relevant leadership challenges, not a list of individual competencies.

2. Use the strategic challenges to identify critical developmental experiences that can prepare a talented person to take those challenges on.

3. Identify people who can make the most of the experiences offered, not those who can already do what the experiences would teach.

4. Find ways to immerse people in the experiences they need, rather than just selecting people for jobs or sending them on training programmes.

5. Help people learn from their experiences rather than leaving them to sink or swim.

These principles are discussed in more detail in Chapter 4.

3.3
What's happening in practice?

Thirty years ago leadership development for front-line and middle-level leaders consisted largely of formal training courses run by specialist training businesses or in-house training departments, based around a simple model, such as Hersey and Blanchard's Situational Leadership. Training for more senior leaders consisted primarily of a one- to four-week open programme at a business school or training business, together with participants from other organisations. It would be heavily lecture-based, with perhaps some off-the-shelf case studies, and would focus on functional skills such as finance or marketing.

Jay Conger, writing in 1999, found that leadership programmes at that point had become much more customised to the specific needs of organisations, often with an underlying goal of shaping the views and behaviours of cohorts of executives, or promoting organisation change. Little has actually changed in the past 15 years. Technology has improved, coaching has become more widespread, and there's a greater focus on simulations and experiences, but the underlying objectives are very similar. In this section, we highlight current trends in the approaches organisations take to leader development, and consider what's new.

Case Notes

The John Lewis Partnership has recently undertaken a research project to identify the skills required of its future leaders. The underpinning principle is learning agility – the Partnership recognises that, in a context of high growth and increasing complexity, leaders' ability to learn quickly and apply their learning to their situation will be critical.

The Partnership now expects its future leaders to have developed both breadth and depth in their careers. In practice this might mean a combination of deep specialism in one area of the business, experience gained across different functions and/or divisions (John Lewis and Waitrose), and experience outside the Partnership.

The organisation has also become less siloed and more collaborative, with people working in matrix structures and virtual teams. It now plans to revisit its definitions of leadership behaviours to support the change in emphasis. There is already more focus on developing skills such as collaboration, managing complexity, working with ambiguity, conflict management and cross-functional working.

"It's really important you have your most credible leaders delivering development programmes. Sometimes people see leadership training as a 'soft' option, but actually behaviour change is one of the hardest things you can try to do, so you need your best people on it." Maxine Dolan, formerly Group Leadership Development Director, Tesco

Enabling culture change at Barclays

Leadership development has played a substantial role in helping Barclays rebuild its culture and values following the financial crisis. Irene McDermott Brown, Group HR Director, commented: "We've focused on working with our leaders, because if you have leaders with the right capabilities, they create the right environment and culture."

Following the launch of a new values framework in 2013, the CEO led the top 120 leaders through a programme focused on setting the standard for leaders, building leadership capability, and building a strong ethical and moral approach. A similar programme was then rolled out to the next level of leadership. Areas of focus included the following.

- Knowing yourself, how you develop others, and how you enable high performance.

- Working collaboratively.

- Commercial decision-making with an ethical lens.

- Defining and executing change.

- Driving innovation.

- Building an effective control environment.

A further key priority was to develop congruent goals across the organisation. The executive committee's goals were reviewed to make sure they were aligned with the values framework. The executive team also found Stephen Bungay's 'Executive Trinity' model of directing, managing and leading (described in Chapter 1) helpful in creating discipline around goal-setting, briefing people properly on strategic direction and holding individuals to account for performance.

According to McDermott Brown, this culture-driven approach to developing leaders is unusual for financial services: "The industry is not renowned for developing leaders, so what we are doing is going against the grain in many ways. But I think it's important to begin developing leaders early in their career, when they are building their character, ethics and skills, and are therefore much easier to shape."

Greater focus on supporting strategic change

There's a trend away from generic programmes focused on individual skill development, towards programmes designed to drive a new strategic direction, to inculcate corporate leadership values or to support change. Many of the case studies in this report exemplify this shift. Conger and Benjamin found that leadership development programmes aimed at creating strategic change tend to have five key objectives, which differ from other approaches to leadership development.

1. To facilitate a unified, collective understanding of the firm's strategic vision.
2. To expedite large-scale change.
3. To ensure the immediate application of useful knowledge.
4. To build depth of leadership talent.
5. To achieve measurable results that meet the 'bottom line'.

Leadership programmes can be a critical tool for creating dialogue and building consensus around a new corporate vision and how it should be implemented. However, Conger thinks this can sometimes go too far, leading to 'corporate inbreeding' that "reinforces values while ignoring markets."

Who's it for?

The trend for using leadership development as a vehicle for strategic change – which requires buy-in across the organisation – has led to many programmes being rolled out more widely than has been the case with traditional development aimed at a small cadre of future leaders or top tiers of management. These programmes also tend to bring leaders together in cohorts to tackle focused learning objectives, often underpinned by action-learning projects based on real-life business challenges. So they also play an important role in strengthening the informal networks that are needed to make change happen in today's highly complex organisations.

When it comes to more generic leadership development, organisations have to choose where to focus their limited resources. For example, should they target particular levels, or specific transitions in the leadership pipeline, or high-potential future leaders?

CRF's leadership survey asked which populations leadership development efforts focused on. See figure below.

We have formal leadership programmes in place at the following levels.

Level	Percentage
Senior Executives	75%
Line Managers	71%
Functional Leaders	69%
High Potential Individuals	56%
Top Team	53%
First Line Supervisors	44%
Graduate Entrants	39%
Board	28%
Other (please specify)	8%

"The heart of what we do is about leaders building leaders, through mentoring, sharing experiences, and role-modelling the right behaviours. We are all about creating a culture that allows leaders to perform while being true to who they are and delivering on their own unique purpose." **Leena Nair, Senior Vice-President Leadership & Organisation Development, Unilever**

We find that where individuals are selected for programmes based on potential or performance, this can be problematic. To avoid 'politicising' programmes Jay Conger advises organisations to adopt clear selection criteria, linked to the programme's purpose, and to consistently enforce them. Too often people are selected because 'it's their turn' or as a reward for good performance, rather than to help individuals exploit their leadership potential.

Who am I?

In line with the desire for authentic, emotionally intelligent leaders described in Chapter 1, programmes increasingly centre on helping leaders build insight into their character as a leader, and develop specific personal characteristics. For example, Professor Nigel Nicholson runs a biographical exercise in some of the programmes at London Business School. Students examine key events in their lives, how they have shaped their perceptions of leadership, and how developing as a leader fits with their wider life goals.

Many programmes now begin with a 360-degree assessment, psychometric testing and feedback from a professional psychologist.

Conger argues that formal leadership education can help individuals work out who they are as a leader, by

- heightening their appreciation of leadership and increasing their motivation to develop leadership capabilities

- facilitating the development of skills needed to build leadership capabilities

- accelerating learning by building self-awareness and providing tools and techniques that allow them to analyse the situations they encounter at work

- providing a window for them to reflect on their strengths and weaknesses as a leader

- building their self-confidence, in terms both of accumulating knowledge and comparing themselves with others in the cohort.

The CRF leadership survey confirms this trend of individuals spending more time learning about who they are. The most common theories respondents use to support leadership development include authentic leadership, emotional intelligence, positive psychology and strengths-based techniques.

> The rising popularity of authentic leadership presumes that leaders have good, positive intentions. But this is not always the case. Many leaders are narcissistic, and some commentators argue that a sizeable proportion of senior leaders suffer from personality disorders such as psychopathy. Dr Kerrie Fleming of Ashridge Business School says that narcissistic leaders are extremely difficult to develop through the type of 'authentic' work that's prevalent today, as they either avoid it or learn to manipulate it for their own ends.
>
> Organisations also need to be clear about potential leadership derailers, as described in Hogan's work, for example. A key attribute that has propelled an individual into a leadership position can, if overused, tip into becoming a derailer.

Act like a leader, think like a leader

In her 2015 book *Act Like A Leader, Think Like A Leader,* Professor Herminia Ibarra of INSEAD offers a contrarian view to the prevailing focus on introspection and self-reflection in leadership development.

Ibarra argues that social psychology research shows that people are more likely to 'act their way into a new way of thinking' than 'think their way into a new way of acting'. We increase self-knowledge through making changes – we try something, observe the results, and only later reflect on and internalise the lessons learned. Introspection alone does not help people figure out how to do a different job or take on a different set of responsibilities such as leadership.

The only way to come to think as a leader is to start to act as a leader, says Ibarra, a principle she terms 'outsight'. This triggers two important, interrelated processes.

- An external process, where a leader builds an external reputation for leadership capability, which, in turn, influences his perception of himself as a leader.

- An internal process, where internal motivations and self-definition evolve through practice and relationships with others.

You plunge yourself into new projects and activities that require you to develop new skills, and experiment with unfamiliar ways of getting things done. These experiences, in turn, transform habitual actions and thoughts.

Ibarra suggests a number of ways aspiring leaders can start practising acting as a leader.

- Redefine your job to take on greater change management or leadership responsibility.

- Build your network outside your existing organisation, function or team to help you develop professionally and personally.

- Experiment with ways of working that don't necessarily come naturally until you find the ones that work for you and will help you become a leader.

360-degree feedback

Leadership development needs to help individuals understand what skills to develop and why. Vykinta Kligyte, Senior Consultant at DDI, commented: "One of the components that is often missing in the design of leadership development programmes is that people have a limited understanding of where they need to develop and why it's important for them. So you need to start by giving people an objective assessment of their leadership capability, so they can work out what to focus on."

Most of the organisations we interviewed use 360-degree feedback. However, this needs to be used with great caution. Wanda Wallace, CEO of Leadership Forum Inc., thinks that 360-degree feedback is, for the most part, badly done.

- Any 360-degree process that is internally managed is unlikely to result in honest feedback. If HR has access to the data, feedback providers tend to respond in one of two ways: they avoid saying anything that might be perceived as negative, or they are unfairly critical if they have a relationship issue with the subject of the review. In either case, the resulting data doesn't really help the leader to focus on key development areas.

- The typical survey questions look at individual characteristics in isolation and don't take account of the real nature of leadership, which is always a balancing act. For example, leaders need to be both authoritative and approachable, but the real test is whether an individual can strike the right balance in different situations. Wallace suggests a better approach would be to move from a five-point scale towards a scale of -4 to +4, which would better reflect whether the leader over-uses or under-uses certain characteristics.

What's more, 360-degree feedback is not standard practice in many parts of the world, which can be difficult for organisations looking to roll out leadership programmes globally.

In Chapter 2 we highlighted the value for learners in debating issues such as strategy, leadership, purpose, vision and values with the most senior leaders in the organisation. Some of the best developers of future leaders operate an 'apprenticeship' model where a key part of the leader's role is to develop their successors through role-modelling and inculcating company culture and values.

Leaders teaching leaders

GE

Jack Welch at GE was renowned for spending a significant portion of his time as CEO teaching classes at GE's Crotonville campus. Crotonville was much more than a training centre – it was a forum for probing, questioning, reflection and debate. Its educational focus was highly integrated with the business strategy. Senior leaders were involved, and ideas were generated there that had substantial bottom-line impact. For example, one action-learning team visited South America to benchmark GE against the competition. Their conclusion, according to Steven Kerr, former Chief Learning Office, was "[GE was] all talk and no action. We should either get in or get out." As a result, GE created a South American operation, appointed a CEO for South America, and built a significant new business. Welch's approach to leadership development became part of GE's culture, and, 15 years after his departure, the firm still ranks among the world's top companies for developing leaders.

Goldman Sachs

The financial services firm's approach to leadership development is built on an apprenticeship model, which is deeply rooted in the firm's culture.

Goldman Sachs takes a different approach to leadership development from many of the large organisations we spoke to. There are fewer formal programmes, programmes are less content-driven, and there is a greater emphasis on supporting individual leaders in a tailored way and on building networks across the firm. Over the course of their career, leaders are encouraged to develop their own leadership style in line with the firm's culture, and learn from other leaders in the firm. Leader performance is judged both on commercial results and acting in line with the firm's culture and values, and people are only promoted into senior positions if they demonstrate capability in both aspects.

The firm's Pine Street Leadership Development Group focuses on leadership development for partners and managing directors, and one of the key interventions happens when someone is promoted into one or other of these roles.

- Newly promoted partners and MDs are brought together in cohorts.

- There is a limited amount of 'content', but the focus is on building social capital – attendees teach each other about their business areas, and build connections across the group.

- Pine Street coaches work with individuals for 18 months after they've been promoted to ease their transition into the new role. The coach helps each leader to build and implement an action plan.

The firm runs a high-potential MD programme in a similar vein: it's designed for MDs with the potential to become partners within one to four years.

"The biggest change we can make is engaging the line manager in individual learning. It used to be 'You're going on a training course – enjoy yourself.' Now we're taking a systemic approach, so there are discussions with your manager before an event to establish objectives, and afterwards to agree the actions you're going to implement as a result." **Jo Kelly, Head of Partner Development, John Lewis**

- Participants attend a two-day programme in New York. This includes a series of round-table discussions with members of the firm's senior management team. These are fairly intimate discussions involving debate and dialogue – not one-way presentations.

- They work in teams on a strategic business project outside their own business area. The projects are typically sponsored by a couple of CEOs across the firm. Participants are required to interview senior people, develop and get buy-in to their plan and work with peers in different parts of the business.

- Participants are assigned an executive coach for six months, who gathers feedback, helps them develop an action plan, and helps the individual track their progress.

- Events are also run in other locations away from the office, to broaden ideas, create space to think differently, and deepen the network.

Imperial Tobacco

Imperial Tobacco's approach to leadership development is underpinned by the principle that change happens through conversations. So there is lots of interaction with senior leaders and little PowerPoint. Leaders act as faculty on programmes and spend time discussing with delegates what's going on in the marketplace, making the content relevant to the business environment. The emphasis is on exploring context rather than cramming in content. There is just enough theoretical input to allow people to understand the principle and think about how it applies to Imperial's business.

Trends in programme design

We would highlight the following key trends in the design of development programmes.

- *The learning journey is getting longer*. Modular programmes running over anything between six and 18 months, sometimes longer, are common. Shorter bursts of classroom time (two to three days instead of five to ten days previously) are spread across the programme, with other activities such as action learning and coaching woven through, allowing people to practise what they've learned. Jay Conger finds that people retain knowledge better when they've gleaned information over distributed periods, and that mastery takes many years of deliberate practice, feedback and coaching.

- *Cohorts of people go through programmes together,* which helps build networks across the firm. Sometimes whole teams go through a programme together.

- *Combinations of learning strategies are used,* including lectures, case studies, experiential exercises, and simulations underpinned by feedback or coaching. This can help address different individual learning styles.

- C*oaching is widely used.* Increasingly this is peer-based or delivered by internal coaches, making it more cost-effective and accessible to a broader population.

- *Information that might previously have been delivered face-to-face is now accessed online or covered in pre-course assignments.* Face-to-face time is more oriented towards practice, discussion, reflection and feedback.

- *360-degree feedback and psychometric testing are common.*

Immersive experiences

Immersive leadership development experiences are becoming increasingly popular. These involve placing people in an unfamiliar environment, where they are required to work together to achieve a specific objective. The tasks are typically highly complex and challenging, both cognitively and emotionally. Examples include the following.
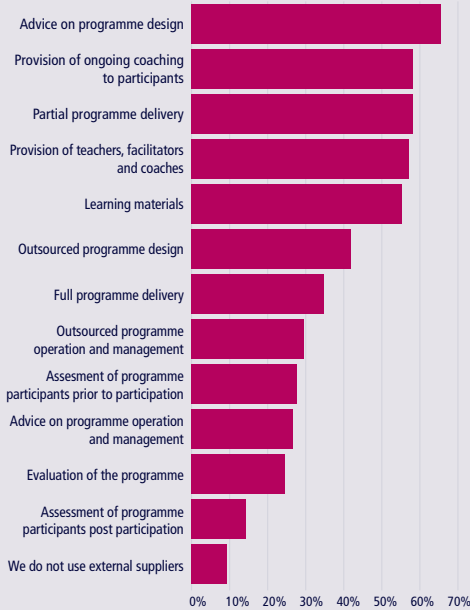
- IMD runs a two-week immersive learning project in South Africa. Students are assigned in groups to work with different local companies. They work with the company for seven days, during which time they have to build a rapid understanding of the business and its market, and define and implement a plan to improve business performance.

- Nestlé sends people on one of its programmes to China so they can see first-hand what the 'new world' looks like. Participants visit Chinese companies to understand the supply chain and retail environment in this huge emerging market. One of the common lessons people learn is that China is not just a giant factory for the world: Chinese companies today are investing significantly in R&D and growing their own intellectual property, which poses a huge threat to Western businesses.

- Duke Corporate Education arranged for leaders from a German engineering firm to visit the largest recycling plant in the world, located in a slum in India. They experienced at first-hand how the secondary market for discarded goods works, which prompted them to rethink how to balance quality product design with affordability.

- MBA students at Harvard go through an immersive leadership experience called 'FIELD'. Working in small teams, they have to apply design thinking to develop new products and services for sponsor companies in emerging markets. They travel to the market for two weeks to test their product with local customers, and while they are there are required to present their business plan to the senior management team of the sponsor company.

A key success factor is to build in opportunities for leaders to reflect on what they've learned and work out how they can apply that elsewhere. Professor Nigel Nicholson commented: "Immersive experiences can be useful, but need to be designed with lots of space for reflection and dialogue. Just taking people on a guided tour of the world isn't necessarily helpful."
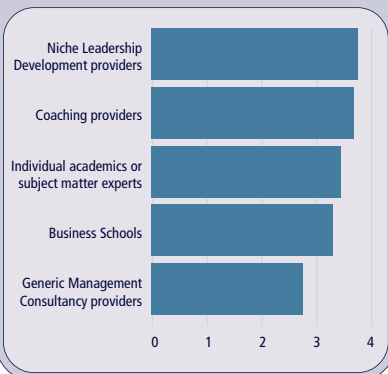
Use of external providers

The CRF leadership survey asked how organisations use external providers to support leadership development. We found that only one-third (34%) use external providers to deliver the full programme. However, 57% of respondents use external providers to deliver part of the programme, 57% use them to provide coaching and 56% use them as a source of teachers and facilitators.
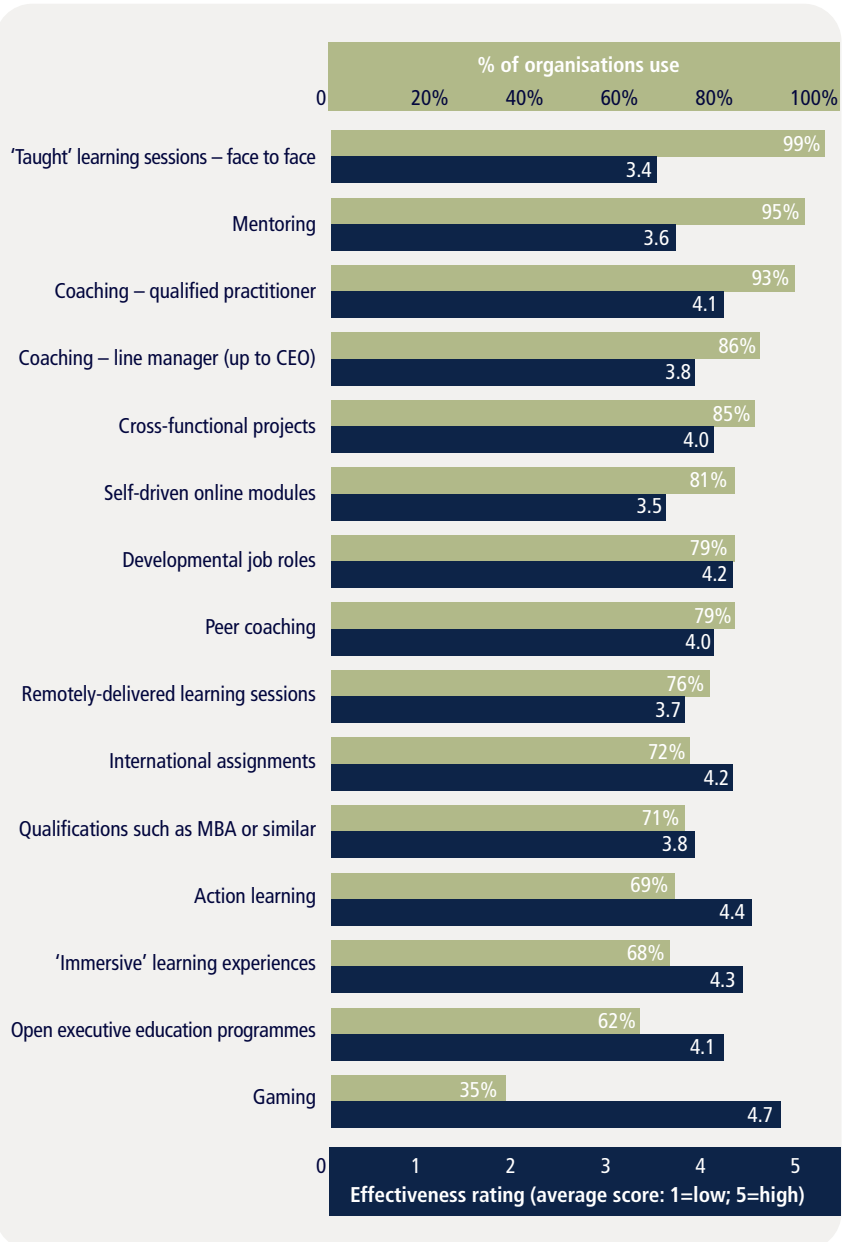
How do you use external providers to support your leadership development process?

Category	%
Advice on programme design	
Provision of ongoing coaching to participants	
Partial programme delivery	
Provision of teachers, facilitators and coaches	
Learning materials	
Outsourced programme design	
Full programme delivery	
Outsourced programme operation and management	
Assesment of programme participants prior to participation	
Advice on programme operation and management	
Evaluation of the programme	
Assessment of programme participants post participation	
We do not use external suppliers	

We also asked respondents to rate the effectiveness of external providers. Individual academics or subject matter experts and niche leadership development providers were seen as most effective.

Provider	Rating
Niche Leadership Development providers	
Coaching providers	
Individual academics or subject matter experts	
Business Schools	
Generic Management Consultancy providers	

CRF's leadership survey found that around two-thirds (68%) of respondents have a structured process in place for developing leaders, with larger organisations (in terms of employees) the most likely to have one. The figure below shows the percentage of organisations using each of the listed development activities (in green), together with average effectiveness ratings for each activity (in blue). Our survey respondents perceive the most effective interventions to be action learning, immersive development experiences, developmental job roles and coaching by qualified practitioners. However, the two most frequently used – 'taught' learning sessions and mentoring – were perceived as the least effective.

% of organisations use

Activity	% use	Effectiveness rating
'Taught' learning sessions – face to face	99%	3.4
Mentoring	95%	3.6
Coaching – qualified practitioner	93%	4.1
Coaching – line manager (up to CEO)	86%	3.8
Cross-functional projects	85%	4.0
Self-driven online modules	81%	3.5
Developmental job roles	79%	4.2
Peer coaching	79%	4.0
Remotely-delivered learning sessions	76%	3.7
International assignments	72%	4.2
Qualifications such as MBA or similar	71%	3.8
Action learning	69%	4.4
'Immersive' learning experiences	68%	4.3
Open executive education programmes	62%	4.1
Gaming	35%	4.7

Effectiveness rating (average score: 1=low; 5=high)

"There needs to be a culture of support, reinforcement, communication and reflection to make sure what is learned in the classroom is lived out in the workplace." **Leena Nair, Senior Vice-President Leadership & Organisation Development, Unilever**

Inclusive leadership

Building an inclusive leadership population – particularly with an appropriate balance of women – is a key objective for many organisations. Over the past few years, firms have invested significantly in programmes to promote diversity and inclusion. But which actions result in more women being successful in senior positions?

Wanda Wallace, CEO of Leadership Forum, Inc., who works with organisations on developing female leaders, finds that the following strategies are among the most effective.

1. Bringing together groups of women at senior or upper-middle management level in small groups. Going through an intense experience together gives women confidence that they are not alone, and builds bonds and a strong support network.

2. Giving candid feedback on how the woman is perceived. Women are often criticised for being 'too gentle' and advised to be more forceful, but Wallace finds that many women are more forceful than men, and this works against them.

3. Helping to build key ancillary skills, such as comfort with self-promotion, executive presence and political savvy, which often come less easily to women than men. Women need to understand that it is this, not technical proficiency, that work is about at senior levels.

4. Helping male managers manage women better. This means being a better coach, giving feedback and guidance, and being more inclusive.

5. Running inclusivity workshops, which help managers think about the people they do and don't click with, and why, and what they can do about it.

6. Tackling problems in the system that work against women. These include forced ranking for performance management, and how talent reviews are run – for example, questioning why women are not progressing on the succession list at the same speed as men.

Linklaters

The law firm has implemented a successful women leaders programme, which has boosted the number of women being promoted to partnership.

• The programme, run with Cranfield Business School, targets high-potential women approaching partnership.

• Cohorts are brought together for an event at the beginning and end of the programme. The women receive detailed feedback on their leadership style and behaviours. The content covered in the events is reinforced with webinars and other activities throughout the programme to sustain learning. Participants also undertake action-learning projects.

• Each participant is assigned a sponsor outside their geographical or practice area, who acts as a mentor. Sponsors find the experience enriching too, as it gives them insight into the challenges to women's progress.

• Coaching has been a key element of success. The women are coached in groups of five by an external coach, and support each other through peer coaching. This builds a strong network and the women hold each other accountable for their development.

• There is strong senior-level support across the firm. Both the managing and senior partners are involved in the programme, many of the latter acting as coaches.

• The programme has helped build a context that supports women leaders. Feedback on the difficulties for women is being provided to the executive committee, so action can be taken to remove roadblocks at the systemic level.

Wendy Tomlinson, Global Head of Learning and Development, said: "For those women who have attended the programme, their level of sophistication in terms of leadership skills, and their awareness of themselves and their leadership style, is clearly ahead of those who haven't attended."

Nestlé

Nestlé estimates that women make around 80% of the buying decisions for its products, so there are commercial as well as cultural and talent arguments for advancing women leaders. Over the past four to six years, Nestle's increased focus on promoting women has resulted in the number of women in senior leadership positions rising from 16% to 24%. Nestlé's approach was unusual. It decided that running programmes for women only risked 'ghetto-ising' the issue, and chose instead to address it as a more general people and talent issue and focus on building a supportive context for women. Initiatives have included workshops to raise awareness of gender issues, mentoring for high-potential women, and highlighting good female role models.

"There's lots of 'noise' around technologies such as virtual reality, which sound quite exciting, but it has yet to be proven whether they actually make a difference to the quality of learning."
Peter Casebow, CEO, GoodPractice

Case Notes – Unilever

Unilever's '2020' programme is an experience-based development programme for senior leaders, and is designed to translate Unilever's 'Sustainable Living Plan' (to double the size of the business, while reducing its environmental footprint) into real business opportunities. So far the top 100 leaders have taken part.

Each participant is set a sustainability challenge that's designed to bring the 'Sustainable Living Plan' to life. Working in groups of five, participants are given three months to 'crack' a particular business challenge. In one example, a team had to create a blueprint for improving hygiene and sanitation in rural African villages to help reduce child mortality. The output of this project was a series of pilots in 20 villages in Nigeria. Ultimately, the plan is to take what has been learned and roll it out across the business.

This was not simply an altruistic project, said Leena Nair, Senior Vice-President Leadership & Organisation Development: "We are uniquely poised to make a difference because we create the products that promote sanitation. By increasing health and wellbeing in rural villages, we can also have a positive impact on our business." The learning from this project can be deployed across the organisation to drive business performance in emerging markets and thereby support key strategic objectives.

3.4
Action learning

If we are to design learning to look as much like the job as possible, and to design work to reflect learning, action-learning programmes can tick all the boxes. Conger and Benjamin think that "action-learning programmes represent perhaps one of the few training designs that utilise learning principles to develop complex leadership skills." Action learning can help people build skills to link seemingly unrelated events and come up with creative solutions, to detect patterns and tackle complex problems with no easy, right or wrong answer. They can also help people build their network, and work better cross-functionally and cross-culturally. However, they need to be designed to include the elements necessary for learning to actually occur, which are discussed in Chapter 2.

Action learning was pioneered by Reg Revans in the 1940s. He described it as a continuous process of learning and reflection, supported by colleagues, with a focus on getting things done. In a typical action-learning project, a group of participants will be assigned a business challenge, which they have to complete over a period of weeks or months. This might involve solving a business problem or developing a new line of business.

Our research highlighted the following key features of successful action-learning projects.

- *Project selection must be rigorous*. Projects must be meaningful and be directly linked to key business imperatives; not just 'make-work'. Conger and Benjamin found that the most valued experiences were those where teams were given primary responsibility for initiating a significant change or new venture. (See Case Notes in the column.)

- *They must be sufficiently stretching and open-ended to allow for a range of potential solutions.*

- *Outcomes and deliverables must be clearly defined.*

- *They need to build in multiple opportunities for reflection throughout the programme.* Facilitation and coaching can help with this.

- *There must be active sponsorship by – and regular input from – senior management.* Participants need to know the organisation is committed to taking action as a result. Exposure to senior people forces participants to raise their game.

- *Participants need to learn what happens to their recommendations,* such as which are/are not implemented and why.

- *They should lead into job assignments that build on the skills developed.* Conger and Benjamin say: "In an ideal world, companies would … send participants from action-learning programmes directly to job assignments that build upon programme lessons and in turn perpetuate the learning process. By not doing so, the learning process stops prematurely."

"Companies send people on a business school programme but don't connect it to what's happening in the business. Participants haven't had a proper conversation with their boss before they attend and they haven't set learning objectives. It's a wasted opportunity." **Professor Nigel Nicholson, London Business School**

3.5
Business schools

Business schools – particularly those which primarily offer open programmes – have struggled over the past few years. Companies are increasingly reluctant to send busy leaders away for weeks at a time, or to incur the associated expense. Some business schools are focusing more on developing bespoke, single-company leadership development. Others are responding to buyer concerns by reviewing what, and how, they teach.

Valerie Hausman, Associate Dean for Global Executive Education at Duke's Fuqua School of Business, highlighted some key trends for open programmes.

- Fewer companies send significant numbers of people at one time to open programmes.

- Open programmes tend to be chosen where there's a need for an executive to be exposed to diverse perspectives, or other geographies or industries.

- Clients are demanding shorter programmes – three days rather than five. "We're even asked to run one-day programmes, but it's difficult to achieve much in that time."

- Demand for global content is growing – in the sense both of teaching in different locations and the content of teaching materials.

- Alumni networks are seen as a key source of added value; clients are asking what networks are in place and what benefits are available to them once they have completed a programme.

- Demand is growing for additional and ongoing services such as webinars and podcasts.

Our research highlighted some criticisms of business schools.

1. **Failing to keep up with changes in teaching methods.** Whereas in-company leadership development is becoming more experience- and dialogue-based, case studies and lectures remain the cornerstones of business school pedagogic methods.

2. **Syllabuses are cognitive rather than person-focused.** Business schools seem to be confused about whether they are providing business or leadership education. While business leaders need to understand 'business' disciplines such as strategy, finance and marketing, leadership development today is heavily focused on developing a leader's individual style and capabilities. This requires different faculty, facilitation skills and learning techniques.

3. **Buyers are looking for leadership development to deliver culture change, or link to the company's strategy.** Open programmes can't deliver this without substantial tailoring.

How business schools are responding

Professor Linda Hill of Harvard Business School shared some recent developments in Harvard's approach to executive development, which illustrate the new thinking.

- *New approaches to case-study-based learning.* Business schools haven't abandoned the case method, but they have adapted it. Hill believes that in today's complex business environment, which requires adaptive thinking skills, simply handing a case with the issues already framed misses out on an important part of learning. So students are taught skills in framing the question at the outset. Some programmes also ask participants to write up their own personal cases so they have the opportunity to think about how to frame their own business issues.

- *Developing VUCA-ready leaders.* Programmes teach design thinking to help leaders build the skills to lead innovative ecosystems.

- *Increased focus on personal leadership style.* This has included building new facilities to teach smaller groups 'in the round', developing faculty's facilitation skills, and bringing in vendors who can deliver some of the more 'personal' skills and feedback. Harvard has also tailored the timings of courses to attendees' 'psychological calendar', delivering messages at times when participants are grappling with similar issues in real life. For example, MBAs are taught about group dynamics and culture when they first arrive, as their main concern at that point will be how they fit into their group. Hill said: "We aim to focus the material where their heads are at that time."

- *Coaching.* Hill commented: "Executives come to us expecting 'higher touch' – so we now need to provide services such as coaching, or helping executives develop their communications skills and presence." Harvard has trained a cadre of 60 coaches and hired a head of coaching.

- *Focus on experiential learning.* Harvard's 'FIELD' experiential learning programme (described above) represents a big shift in mindset.

- *Optimal use of face-to-face time.* E-learning is used to deliver content that would previously have been delivered in live lectures and pre-work, so scarce face-to-face time can be devoted to more experiential programmes.

"We move from large, extended chunks of learning, delivered infrequently, to small focused granules often delivered at the precise moment of need." **Nigel Paine, author of *The Learning Challenge***

The forces for change in learning technology

Professor Shlomo Ben-Hur of IMD (2013) identifies five key drivers of change in learning technology.

1. *Increasingly distributed and diverse workforces.* Virtual working is driving a desire for tools that are accessible anywhere. This began with online learning, but now we have virtual reality classrooms, m-learning and so on.

2. *Generational change in the workforce.* Younger generations engage differently with technology and have different expectations, for example of social media.

3. *Changing nature of work.* Organisations no longer send leaders off for weeks at a time. Learning has to be delivered in short bursts to reflect the pace of change at work.

4. *Innovation driven by the downturn.* Budgets are tight; organisations are reluctant to move people around the world for training.

5. *The spread of cost-effective, accessible technologies.* We've moved on from basic e-learning. Now it's more video-based, delivered on mobile devices or tablets, or app-based.

Despite these criticisms, many of the successful leaders we interviewed said that attending a top-level business school programme was a defining experience in their development. JCA Group's Peter Hogarth, who coaches chief executives, said the majority of people he works with have attended some sort of advanced leadership programme at a top business school. "What it teaches you is to think in different ways; it gives you a network and it also enables you to get away from your business for an extended time and really immerse yourself in different parts of business that you would not normally come across. The network you build means you have peers around the world to call on when you need impartial advice."

Open programmes are undoubtedly a tough sell, but some organisations find they can be beneficial, particularly where they have executives who need to build their external network, prepare for working across cultures, or develop an understanding of functions outside their area of expertise. For example, Nestlé sends some high-performing leaders on programmes at IMD. Ed Marsh, Global Head of HR at Nestlé Professional, commented: "When we want people to develop a better external view, gain exposure to a new network, or learn about other ways of tackling issues than the Nestlé way, we would consider open programmes."

So how *are* business schools responding to the challenges in their market? They are bringing in different teaching methods, investing in experience-based development, and building new capabilities, such as virtual and e-learning (see the column on the previous page).

3.6
The role of technology in developing leaders

Leadership development has tended to lag behind more generic training and development in the way it uses technology. But that is changing, and emerging technologies such as gaming, virtual-reality simulations and artificial intelligence are beginning to demonstrate the potential to create rich, immersive development experiences. There is a lot of hype around learning technology, so it's important to determine which innovations are capable of delivering a better learning experience or better learning outcomes.

Scalability and mass customisation

- **Mass customisation of learning content is a key trend.** Short-hit learning (for example, the Skillsoft video library) is on the rise, so it's easy for leaders to access just-in-time materials that are relevant to an issue they're dealing with at that moment. Increasingly, in the same way that Amazon can predict what you might like to buy, learning technology will be able to suggest relevant materials.

- **The open-source revolution is also having an impact on the way leaders learn**. For example, some companies are now offering internal MOOCs (Massive Open Online Courses), with communities of learners progressing together virtually.

- **L&D's role is changing to a 'curator' of content**. Less and less material is being designed and produced in-house. The L&D function needs to be aware of the best materials available on the open market and package them in a way that's suitable for their internal customers.

"Technology is helping make learning a social experience, providing support through connection with peers and cohorts, and collaborating and building networks through social media." **Jo Kelly, Head of Partner Development, John Lewis Partnership**

Freedom from place and time

- **Developments such as m-learning and apps give people access to content from anywhere when it suits them**. Many larger organisations are customising content to be consumed on-the-move. Peter Casebow of GoodPractice, a leading provider of online leadership and management toolkits, has analysed when users tend to view mobile learning platforms. There are typically two peaks – first thing in the morning and around 9 o'clock at night. This suggests that leaders are using these tools to help deal with issues that may arise during the day or to prepare for the following day.

- **The individual is in the driving seat**. They can go at their own pace, repeating content if necessary, and this can help with information retention. In one example of a programme run both virtually and in person, comparisons of learning retention of attendees in person versus virtual participants found the latter applied more of what they had learned than the former. Virtual delegates took part in the programme via an online classroom, which was run at two different times of the day to cover all time zones. A significant benefit of this approach was that participants in remote geographies enjoyed the same experience and exposure as people at the centre.

- **Virtual environments are beginning to allow people to participate and interact from anywhere.** Although still rather clunky, the virtual reality experience for online participants is getting closer to the real thing, with breakout areas and live discussions with speakers and other delegates on the rise. BT recently kicked off a trial of a virtual learning environment using technology currently in use at the MIT Sloan School of Management (see image below). Through an online forum virtual participants can attend a live event alongside learners who are physically in the room. The technology allows for virtual and live classrooms to be integrated – the virtual classroom can be projected into the real classroom via a live feed, so all parties can see and engage with each other. However, initial conversations in these environments tend to be stilted, and the level of interaction is lower than in the live environment. As participants become more familiar with the technology, the level of conversations and interactions often become more robust.
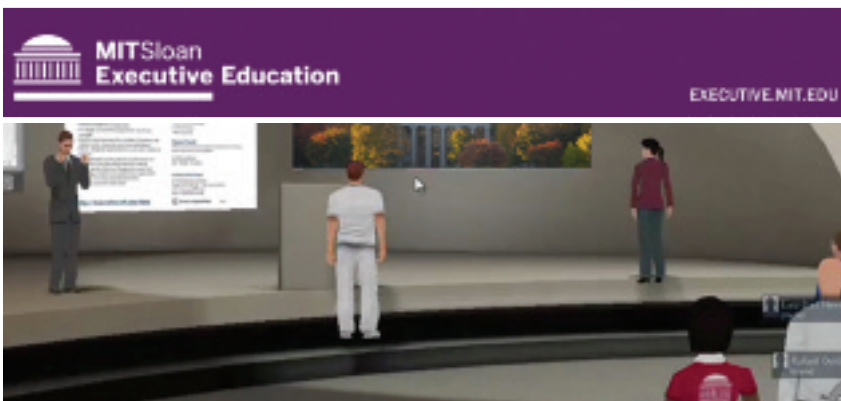
Case Notes – Hilton Worldwide

Hilton Worldwide's approach to leadership development is a good example of how organisations can effectively blend learning from various sources to meet the needs of leaders in different parts of the world. The company takes an holistic approach, offering a mix of face-to-face and online learning, underpinned by mentoring, coaching and 360-degree feedback.

- Hilton's approach to leadership development is based on the Leadership Pipeline, with development support focused at important career transition points.

- There are programmes led by top business schools for key populations to support knowledge-sharing and networking. These include a GM Excellence programme run by Cornell University; a Senior Women Leaders programme run by the Darden School of Business at the University of Virginia; and six core development programmes for hotel staff at different levels.

- Hilton Worldwide University provides a comprehensive e-learning platform for individuals to use according to their own needs. It includes curated content from sources including Harvard ManageMentor and eCornell.

- L&D curates other useful content, such as quarterly extracts from important leadership books and relevant TED Talks.

- Individual leaders can do one-off executive MBAs or attend business school open programmes as needed to address specific development areas.

- The company provides career maps to help people explore their options and develop career plans.

- Managers are trained to have good career conversations with their people.

Analytics

Organisations are starting to use 'big data' to shape strategies for talent management and leadership development – by, for example, looking at talent movement data to see which job experiences and backgrounds produce the best leaders. However, we are in only the early stages of exploiting its potential. DDI found that just 23% of respondents to its *Global Leadership Forecast* are using data to forecast future leadership talent needs.

Google's 'Project Oxygen' is an example of big data in action. In 2009 the company was concerned that the poor quality of leaders was resulting in high turnover of talent and sub-optimal performance. Conventional leadership programmes were having limited effect. The company collated and analysed large amounts of data from multiple sources, including performance data, appraisals, employee surveys, interviews and examples of successful and unsuccessful leadership. It resulted in a list of eight key traits of successful leaders. While none is particularly groundbreaking, the method of defining them is interesting.

1. Be a good coach.

2. Empower your team and don't micro-manage.

3. Express interest in your team members' success and wellbeing.

4. Be productive and results-oriented.

5. Be a good communicator and listen to your team.

6. Help your employees with career development.

7. Have a clear vision and strategy for the team.

8. Have technical skills so you can advise the team.

The company built new leadership programmes around these key traits, and focused on upskilling the 25% poorest-performing leaders. According to Google, this has resulted in statistically significant improvements in leadership effectiveness. (For more information see Professor David Garvin's HBR article listed in the references.)

Building learning communities

A large part of leadership development is about building networks. As discussed above, social media is increasingly being deployed to establish virtual communities of leaders, or to extend the live network built up within a cohort beyond the end of the formal programme.

Using technology to create learning experiences

- **Simulation-based learning.** Many of the organisations we interviewed use simulations to support leadership development. Jay Conger finds that these are increasingly being targeted towards specific leadership capabilities such as creating an environment for innovation. Simulations are also beginning to be run online in virtual reality.

- **Gaming.** New generations who grew up playing highly sophisticated games are beginning to reach senior levels in organisations. Given the growing influence of these populations, we can expect demand for gaming technology that can create rich, experience-based leadership development, to increase. We are also seeing the development of competitions and challenges, and the award of the 'badges' that are common in virtual games, appearing in online learning.

- **Virtual reality and artificial intelligence.** Technologies are emerging that allow leaders to acquire leadership experience through virtual reality, rather like a flight simulator for leadership skills. The US Army has built a simulator (INOTS) involving a virtual human being – an animated character – in a real-world scenario. The virtual human can engage in lifelike conversations with the trainee leader, and is capable of understanding language and responding appropriately with facial expressions, gestures and body language. The applications of this technology today are limited, but this is an exciting development.

Technology seems to offer many exciting possibilities for leadership development, but traditional methods are unlikely to disappear anytime soon, because so much leadership development requires face-to-face connections. The direction of travel is clearly towards more technology-driven and blended learning, but organisations need to exercise a degree of caution. Certain technologies will no doubt be passing fads. The way to benefit from innovation in this area is to be clear about your objectives for learning, and how technology-driven approaches can meet those needs more effectively. Peter Casebow commented: "In deciding which learning technologies to use, you need to start by looking at the performance difference you want to achieve, and then work backwards from there to define what the right solution is."

4

DEVELOPING LEADERS THROUGH JOB EXPERIENCE AND CAREER PLANNING

Topics covered

Introduction

In this chapter we consider the experiences that are most instrumental in building a successful leadership career. We also look at the practicalities of implementing approaches to leadership development that are based on experience. And we consider the roles and responsibilities of key stakeholders, including the individual, their line manager and HR.

"Leadership, to the extent that it is developed, is developed primarily through experience. Beginning with that basic premise, it is possible to construct a rational approach to using experience to develop those who are able and motivated to learn from it." **Morgan McCall, Professor of Management and Organization, USC Marshall School of Business, (2010)**

Seven 'Sure Bets'

In a 2010 article, McCall summarised seven 'sure bets' in leadership development, which we explore further in this chapter.

1. **To the extent that it can be learned, leadership is learned from experience.**

2. **Certain experiences matter more than others**. These are roughly classified as early work experiences, short-term assignments, major line assignments, other people (almost always very good or very bad bosses), hardships of various kinds, and some miscellaneous events such as training programmes.

3. **These experiences are powerful because of the challenges they present.** The elements that make an experience powerful include the unexpected, high stakes, complexity, pressure and novelty.

4. **Different types of experience teach different lessons.** Therefore, if you can identify the challenges that make a given experience powerful, it should be possible to craft experiences to give people the opportunities they need to build their leadership skills (which they may or may not use to maximum advantage).

5. **Jobs and assignments can be made more developmental.** McCall says: "This is so straightforward one has to wonder why it isn't done all the time."

6. **People can get many of the experiences they need in spite of organisational obstacles** (discussed further below), but matching development needs to development opportunities is ultimately a matter of organisations having the right intentions and focusing on this as a priority.

7. **Learning takes time and can't be planned on a linear basis.** "The path to mastery is filled with serendipity, accidents, dead-ends and do-overs."

"Experience – not genetics, not training programmes, not business school – is the primary source of learning to lead," asserts Morgan McCall, Professor of Management and Organization at USC Marshall School of Business. His conclusion is based on a career spent researching how leaders develop. This chapter looks at the work of McCall and others and considers what role the experiences built over a career play in a leader's development, and how organisations can better make use of job experience in developing leaders.

Note the difference between *experience-based* development, which is essentially what people learn when they are doing their job, and *experiential learning*, discussed in Chapter 3, which involves creating experiences from which people can learn as part of a development programme.

Despite the supporting evidence that the best way to develop leaders is by enabling them to have the right experiences, McCall finds that most organisations are 'betting on the wrong horses'. He says: "Although the idea of developing leadership talent through experience is an easy sell … it is surprising how few organisations actually do it effectively." HR has been slow to accept that experience should take the lead, rather than being just one option among many, including training, coaching, other development programmes, and competency models. This view is consistent with our research, which found few organisations consistently planning for high-potential talent to build the career experience needed to develop as a leader.

4.1
The lessons of experience

For their 1988 book *The Lessons of Experience* McCall, Lombardo and Morrison interviewed successful executives and identified the key development events that shaped their career. They found that job assignments, bosses and hardships played the most pivotal roles.

Key development events

|	
Setting the stage	• Early work experiences • First supervisory job
Leading by persuasion	• Project/taskforce assignments • Line to staff switches
Leading on line	• Starting from scratch • Turning a business around • Managing a larger scope
When other people matter	• Bosses
Hardships	• Personal trauma • Career setback • Changing jobs • Business mistakes • Subordinate performance problems

Source: McCall et al, 1988

"If you miss some development steps or get promoted too quickly, you don't build the experience to make the right decisions. It takes time and experience to develop the 'wisdom' you need." **Eve Poole, Lecturer and Writer in Leadership**

Clearly, not all of these experiences can be planned, but organisations can design processes to help executives build the right sets of experience, and provide support such as coaching to help them learn from experience when they do encounter hardships or setbacks. Job roles can be both an opportunity to deliver business results and to develop.

We find some organisations have given careful thought to the key elements of a successful leader's career, and use this as the basis either for actively planning career moves or giving individuals and line managers the tools to take responsibility themselves. For example, InterContinental Hotels Group finds that, as people become more senior, the experience or promotion they require becomes more specific. They would need to have, for example,

- experience of both a developing and developed market

- led a global transformation project

- started a significant business from scratch

- fixed a broken business

- owned a P&L.

McCauley and McCall (2014) proposed a framework for using experience more systematically to develop leadership capability, and this builds on McCall's 1998 work *High Flyers* (see references). The underlying principle is **if people with potential are given the opportunity to engage in strategically relevant experiences, and something is done to ensure they learn the lessons of these experiences, it increases the probability of having the leadership talent necessary to lead the business strategy.**
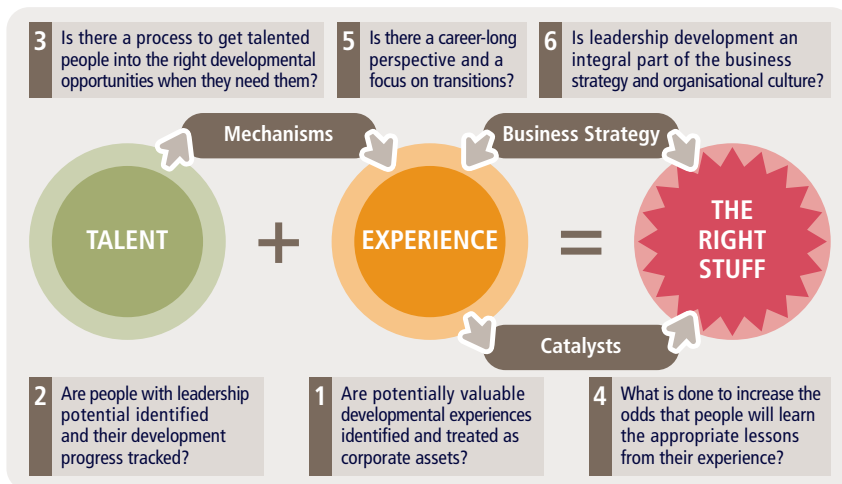
Source: Adapted from McCauley and McCall, 2014

1. **Identifying potentially valuable developmental experiences.**

- This can be done by translating the business strategy into specific leadership challenges, such as setting up a new business unit or running a critical part of the operation. Existing leadership strengths and weaknesses can be assessed to work out where to focus. The picture will look different for every organisation. Procter & Gamble, for example, identified the experiences the most successful company presidents had been through. These included brand management, working in a global business unit and being a country general manager.

The crucibles of leadership

Warren Bennis and Robert Thomas found that almost all the top leaders they interviewed during a three-year study had gone through 'crucible' experiences – intense, unplanned, often traumatic experiences – that had profoundly shaped them as leaders. The crucible experience was typically a trial that forced the leader to reflect deeply on who they were and what mattered to them – to examine their values, question their assumptions and hone their judgement.

Crucibles are different from transitions. They are "trials or tests that corner individuals and force them to answer questions about who they are and what is important to them." (Thomas, 2008) They allow people to explore questions such as "Why did this happen? Why did it happen to me? What should I learn from this for the future?"

There are four key findings from Bennis and Thomas' work.

1. Crucibles contain two important lessons: what you learn about leadership, and what you learn about how you learn. "Lessons about learning are arguably *more valuable* than leadership lessons per se, because learning is what enables an individual to grow and adapt to changing circumstances." (Thomas, 2008)

2. Practice can trump talent.

3. Outstanding leaders devise a personal strategy for recognising and transforming crucible experiences into lessons that keep them refreshed and responsive.

4. Organisations can grow leaders better by helping them learn from experience.

Individuals need to *prepare* to make the most of experience. They need observational skills, to feel comfortable with techniques of experimentation, and have the self-understanding to extract insight from experience. "Organisations, in short, must … [provide] robust resources and durable processes that will *prepare, deploy and renew* … leaders by means of a more active and creative use of experience." (Thomas, 2008)

"You have to take the ones with the most potential and send them where the action is. That way you achieve two ends: you get the of problem taken care of, and you get a manager who's grown through experience. … You prepare [future leaders] by sending them to the most difficult places. Tomorrow's leaders get their training by dealing with today's challenges." **Carlos Ghosn, CEO, Nissan (2003)**

Case Notes – Unilever

Unilever is a company with a long and impressive track record of managing careers and generating leadership talent. CHRO Doug Baillie said: "It's part of our culture; it's what we're known for and it's why people join us." Unilever's approach to managing leaders' careers combines encouraging individuals to take charge of their own career planning with robust corporate processes that support the career moves people need to build experience.

- **The company takes development planning seriously.** All employees are encouraged to have an Individual Development Plan (IDP), and it is compulsory for high potential talent. Managers are also expected to have good, honest career conversations with their people several times every year. The IDP has two parts: the first focuses on the individual's core purpose; the second identifies their destination role, their next job, and what they want to develop in their current role. At VP level and above employees attend a four-day programme devoted to helping them define their purpose and developing their personal plan. Leena Nair, Senior VP Leadership & Organisation Development, commented: "Bespoke development planning is increasingly becoming the norm. The context and application is so different for each individual situation."

- **The company runs a variety of talent forums to plan individual moves.** The starting point is identifying destination jobs for individuals and working back from that to plan the critical experiences needed. The forums reflect Unilever's matrix organisation, so cover function, geography and product categories. Key individuals and roles are discussed in the same conversation, and both business leaders and HR are involved.

A key element of career planning is making sure people build international experience early in their career. According to Baillie, 60 of the top 100 leaders in Unilever have worked on at least two continents: "We still fundamentally believe that giving people international experience early in their careers is a really good thing. It's part of our DNA."

- These can be predominantly existing roles and assignments, either permanent or temporary, but can also include projects, or even training, to fill specific skills gaps that can't be covered through experience.

- It needs to be strategically important work. For example, Jeffrey Immelt, who succeeded Jack Welch as CEO of GE, was moved from GE's chemicals division to sort out a major manufacturing crisis in the consumer white goods part of the business – an area of which he had no experience. Resolving this problem to the satisfaction of the company and its customers was a defining moment in his career.

- Subsequent career moves should teach different things: a start-up followed by a turnaround will provide richer learning than two start-ups in different parts of the business.

- Sometimes the best option might be to move outside the organisation before returning to a more senior role. For example, Steve Easterbrook, who was appointed CEO of McDonalds in 2015, worked for the company for 18 years before leaving to become CEO of Pizza Express and Wagamama, then later returning and being promoted to CEO.

2. **Identifying people with leadership potential and tracking their developmental progress.**

- Organisations should select people based on their ability to learn from experience, and track their progress based on how well they are learning from assignments.

3. **Having a process for getting talented people into the right developmental opportunities when they need them.**

- Companies may need to redesign succession and talent management processes to match up potentially 'developmental' job openings and experiences with people who would benefit from them.

- Succession planning should focus not just on 'Who's the best person for this role?', but also 'Who would learn most from this assignment?' For example, Whitbread conducts talent reviews from two distinct angles: the requirements of key jobs and career development of key individuals.

- Companies may need to be more prescriptive about defining career paths, or identifying target roles for individuals.

- This requires a strong central leadership development function, which tracks the experience and progress of 'talent' over the long term and has the authority to facilitate necessary career moves.

4. **Increasing the odds that people will learn the appropriate lessons from their experience.**

- The executive who is given the assignment needs to be made aware of why they were chosen, and what they are expected to learn from the experience. It's important to have an onboarding process that not only helps get a person up-to-speed in a new role, but also identifies how the role will challenge them and defines suitable learning objectives.

- Organisations need to strike an appropriate balance between expecting an individual to become high-performing quickly and giving them the space to develop on the job.

- They need to help individuals to extract the lessons of experience. Learning to learn is a skill that doesn't always come naturally (see Chapter 2).

"Many people go wrong because they're focused on the next job and they're missing out on learning opportunities in their current role. If you're going to get the top job, you have to focus on learning throughout the journey, and do the best job you can in each role along the way."
Alex Kanellis, CEO, PZ Cussons

- The performance management system needs to emphasise development as well as performance. Appraisals need to focus both on what's been achieved and how leaders have used new learning.

5. **Taking a career-long perspective and focusing on transitions.**

- Training and development interventions need to be timed to support people as they are going through difficult transitions (see Chapter 3).

- Both individuals and their line managers need the tools to plan their careers.

6. **Making leadership development an integral part of business strategy and organisation culture.**

- Ultimately, the purpose of leadership development is to support long-term delivery of business strategy, so organisations should establish leadership development as a strategic priority.

- It is not a precise science, and sometimes the right experience happens through serendipity, so it's critical for organisations to create a context that's supportive of leadership development.

- Having a culture of development allows managers to take a risk by hiring someone who will learn from the experience, or let go of someone they rate to take on an experience-building assignment. This builds human capital over the longer term.

These points imply much more active career management of potential leaders than most organisations do today. Wendy Hirsh finds that the active career management required to support experience-based leadership development largely disappeared through the recession of the early 1990s, apart from in a handful of organisations like the ones discussed in our case studies. Our interviews confirm that few organisations have a joined-up view of formal and experience-based leadership development, and that talent/succession management and leadership development are also often insufficiently integrated.

4.2

The barriers to experience-based leadership development

In an ideal world, organisations would have a clear view of the most strategically relevant experiences high-potential leaders need to build over their career, and have processes in place to create them. The reality is that a number of obstacles make this difficult to achieve in practice. Morgan McCall comments: "Even if learning from experience were programmable – give them a first supervisory job, a turnaround, a divorce, and, voilà: executive – which it isn't, powerful experiences are not always available to those who need them when they need them. … Often the organisation's short-term needs come first, and selection is dictated by past performance or track record rather than by developmental need."

We find a number of barriers need to be overcome for experience-based development to be successful.

1. **An organisation philosophy that is at odds with development.** Where there's a prevailing view that those with the 'right stuff' will rise to the top automatically, without support, people are less likely to be given stretch assignments for development, or allowed the space to get up to speed.

Building leaders through experience at Nestlé

Nestlé's view is that the single best way of developing leaders is through different career experiences – not in the classroom. The company identifies high-potential people early and gives them significant responsibility – such as running a country – early in their career.

How does Nestlé overcome the barriers to making experience-based development work?

- It's done in a deliberate way, and over time has become part of the modus operandi.

- The system relies on general managers taking responsibility for developing others. They are not specifically rewarded for it, but it is expected.

- The company invests in brands and businesses over the long term, so people can be given time to learn and grow.

- Nestlé focuses on assessing and calibrating talent. People are thrown in at the deep end, but the company can be reasonably confident that they have the capability to 'swim not sink'.

- There are tried and tested career paths. Although it is changing as emerging markets mature, this usually involves a couple of stints in a global or regional role, running a local business, working in more than one business, and invariably spending time outside the home country.

In contrast to the many organisations that base their formal development on the Leadership Pipeline (see Chapter 3), Nestlé doesn't run programmes to prepare leaders for key transitions. It believes that formal development is more useful further down the line, when a leader has built some experience. At that stage a programme can help extract the learning from that experience. So a leader might attend a programme at the mid-point of an assignment. Ed Marsh, Global Head of HR at Nestlé Professional said: "We find it's much more meaningful to go on an off-the-job learning experience once you've got your hands dirty or got burned a bit. At this stage, you have a better idea of what you're being asked to do, and it's more effective than going on a programme in preparation for something you haven't done yet."

"It can be difficult to tell 'the expert' they're not going to run that particular project, because we need to use it as a development opportunity for someone up-and-coming, but it's crucial we create these experiences for people with potential." **Gregor Thain, Vice-President, Global Talent & Leadership, IHG**

Case Notes – Hilton Worldwide

Hilton has recognised the pivotal role that line managers play in creating the environment for their teams to perform and learn. It therefore focuses as much effort as possible on what Sue Hale, Vice-President Leadership Development, describes as "giving everyone a great boss."

- Individuals are responsible for developing their own careers and owning their development.

- The company provides career paths based on the Leadership Pipeline, supported by comprehensive resources such as development programmes and e-learning.

- Managers are trained to have good career conversations with their people.

- The company provides a robust supporting infrastructure.

2. **Organisations have to walk a tightrope between results and development.** They need to reconcile many conflicting demands.

- Choosing whether to appoint people with a track record ahead of those who might benefit from learning to do it.

- Taking a risk on derailing a talented manager by moving them, or putting someone untested into a critical role.

- Balancing the need to develop local talent with the opportunities afforded by moving a talented manager into a different geography.

- Failing to hold executives to account for talent development in the same way they do for delivering results.

- Choosing between investing in the development of future leaders and other more immediate business priorities.

- Abdicating responsibility to HR, when the whole executive team needs to be accountable.

The frenetic pace of modern corporate life also makes it difficult to create space for leaders to reflect on what they have learned, and receive feedback and support such as coaching, all of which are found to be critical to sustaining learning. Chapter 2 considers this in more depth.

3. **Career management is not a simple set of clear-cut processes.** Hirsh (2010) points out that active career planning

- involves a complex web of people-management practices, often designed to achieve other ends, such as performance management

- has to deal with tensions between the needs of the business and the interests of individuals

- requires talking to individuals about quite personal things – such as how they see themselves and what they want from work – and organisations are fairly inept at dealing with employees as real people

- requires persistent attention over long time periods – but the HR function is under pressure to produce quick fixes.

4. **Organisations have become less 'paternalistic' and the onus for development is shifting to the individual.** Jay Conger agrees: "The rise of high-potential pools and talent management reinforces the message that individuals have to drive their own careers. You need to prove you're talented over a sustained time period; then you might be given help in a more concerted way."

5. **Line managers can be either a critical enabler or a substantial roadblock.** Development-focused managers can be instrumental in creating development opportunities for their people, either through creating stretch in their current role or helping them make a developmental move. Wendy Hirsh commented: "Good managers give a lot of thought to how they can extend their people's experience within their current job, perhaps by delegating or deputising." However, managers are often reluctant to give up their best people, or unwilling to take a chance on an unknown quantity. As McCall comments: "It is much easier to send someone to a programme than to offer up a talented person for an assignment in a different part of the organisation, or, conversely, to risk sacrificing results by taking on a developmental candidate. … To leave developmental moves in the hands of the hiring managers … is to rely over-optimistically on the nobility of leaders."

"I think what differentiates Unilever is a genuine belief, from the top down through the whole organisation, that developing talent is everyone's job. It's owned by the line, not HR, and is a non-negotiable part of senior leaders' jobs." **Doug Baillie, Chief Human Resources Officer, Unilever**

6. **Development relies on managers being skilled in having career conversations with their people**. Evan Sinar, Chief Scientist at DDI, said: "Career planning comes down to high quality conversations between manager and employee about their aspirations and expectations. Managers need to set realistic expectations. But often managers need skill development to be able to handle these conversations well."

7. **Talented individuals may be reluctant to move**. Several of the organisations we spoke to talked about the difficulty of career planning for dual-career families, or the reluctance of younger generations in the workplace to move.

8. **Promoting people before they can consolidate their experience**. As we discussed in Chapter 2, tacit knowledge is built through deliberate, focused, repeated practice. However, some experiences only happen once a year (budgeting, for example) or occasionally (managing a product recall, for example). If people move too quickly they only have one shot at trying something before they move on, whereas ideally they would have at least two or three experiences to build expertise.

9. **Being too rigid about career planning in a fast-moving situation**. Samantha Rockey, Head of Leadership Development at SABMiller, commented: "The recipe can be too prescriptive. We need to let people choose the path themselves, while being disciplined about making sure opportunities are created."

4.3

Overcoming the barriers: culture, accountability and process

Our research suggests the organisations that succeed in developing leaders through experience focus on three key factors.

1. Building a development-focused culture.
2. Creating clear accountabilities.
3. Building good processes to support development through experience.

A development-focused culture

- Tone is set at the top, so the top team needs to be visibly supportive of development and make the right calls when a conflict arises between achieving short-term results and long-term development needs.

- Senior business leaders should drive key development processes – with support from HR. This includes taking a long-term view, plotting the career moves of key talent several years out.

- Leader selection should favour leaders who are focused on developing others and understand how to help others optimise learning from experience.

- Managers who fail to support development efforts – through hoarding talent, for example – should be penalised.

- It may be necessary to build some slack into the system so there's capacity to take risks with people. Organisations such as Shell and GE have a track record of building more leaders than they need, so they become net exporters of leadership talent. Unfortunately, in seeking to create economies of scale, many companies have eliminated roles that used to be key preparation for top management positions.

"The C-suite is paying more attention to leadership development, and is getting more hands-on. They don't see it as something they can delegate." **Professor Linda Hill, Harvard Business School**

Accountabilities for learning from experience

Top team

- The most important experiences required to develop leaders are ultimately controlled by line executives, not the HR function.
- Senior executives need to manage the trade-offs between different line managers, take decisions about moves and make them happen.
- They should role-model behaviours that support development through experience.

Line managers

- Need to be set development goals and offered development-contingent rewards.
- Need to be equipped with communications and coaching skills to have the right conversations with their people.
- Need to understand internal development processes and their role in them.

Wendy Hirsh commented: "Bosses often know little more about career opportunities than those they manage, and may have little power to facilitate developmental opportunities beyond the current job. So career development needs to be a responsibility of the whole management community, not just the immediate boss."

Individual potential leaders

- Need to take responsibility for their own development.
- Should be expected to take the initiative to seek out development opportunities, but should also be advised of the support they can expect from the organisation.
- Can be educated in how adults learn, how internal career paths work, what is required for them to master the key transitions they are likely to face, how they can build 'stretch' into their current role, and what types of stretch assignments they should be looking for.

HR

- Needs to build deep expertise in how leaders develop and how adults learn.
- Needs to design effective, light-touch processes to underpin career management and succession.
- Needs to coach and support line managers in experience-based development.

Creating clear accountabilities

A recurring theme of our findings is that organisations are increasingly placing the onus on individuals to manage their own career, with support from the organisation, rather than the organisation taking charge. In this light certain key accountabilities need rethinking (see the column).

Supporting processes

The case studies throughout this chapter provide some examples of how organisations have tackled the processes required to support development through experience. We would highlight the following key points.

- There needs to be some form of centrally-managed process focused on identifying strategically relevant experiences and resourcing them.
- Succession management processes tend to focus on the needs of key positions, identifying people who are 'ready now' to fill key roles. This is inadequate. Succession plans rarely focus on the development needs of people who might have potential to fill critical roles in future. So succession plans need to be matched up with talent pipelines and the critical experiences required to prepare key talent to step up.
- Development plans need to be rethought to focus on what a person needs to learn to do to achieve business or career goals, identify ways of building experiences that could offer the lessons required, and provide incentives to learn the necessary lessons.

Summary

There's a huge difference between building 20 years' experience over the course of a career, and repeating one year's experience 20 times – which is what happens when people fail to learn the lessons of experience. However, it's easier to run training programmes than to develop the culture and processes required for experience-based development. The latter requires organisational silos to be broken down, managers to act in the organisation's long-term interest, and the balancing of short-term performance targets and long-term development aspirations. Organisations that are committed to building leadership talent in the long term need to resolve these key tensions.

5

EVALUATING LEADERSHIP DEVELOPMENT

Topics covered

Introduction

This chapter explores practical steps which can be taken to improve the evaluation of leadership development interventions.

"There is scant … objective evidence, to confirm that this massive, expensive, 30-plus-year effort has paid off. … Much more often than not, leadership development programs are evaluated according to only one, subjective measure: whether participants were satisfied with the experience."
Professor Barbara Kellerman, author of *The End of Leadership*, 2012

Assessing individual performance improvement

We find organisations assess the impact on individual leaders by looking at factors including

- scores on 360-degree ratings before and after
- leader ratings on employee surveys, to assess how those who work for them judge their capabilities as a leader
- individual appraisals of what they think has changed
- line manager perceptions of improvements
- changes in performance ratings.

None of these approaches is perfect; each is subjective and influenced by factors external to the development intervention. We would emphasise the following key points.

1. It is important to assess performance using the same measures before and after the event, so you are comparing like with like.

2. You need to think carefully about how long to wait before conducting a follow-up. Behavioural change takes time to become embedded, so results may not be seen for some time. Vykinta Kyngite, Senior Consultant at DDI, commented: "You need to get the timing right. Three months is probably too soon if you're looking for noticeable behavioural change – following up after a year is probably more realistic, if you want to check that a new skill has become a habit."

3. No one measure is likely to give a definitive answer, but by triangulating assessments and metrics from different sources, you can build up a picture of impact.

4. Following up with participants also allows you to check whether they are continuing to learn by putting into practice what was covered on the programme. For example, Duke Corporate Education assigns a business school staff member to each programme participant. They re-establish contact about a month after the event to ask questions such as: "What's still resonating and how have you followed through on what you learned? What difference did coaching make for you?"

5.1

The impact of leadership development on organisation performance

So how effective are current approaches to leadership development, and what's the evidence the vast sums of money companies spend on them every year are making a difference to business performance? Unfortunately these questions are almost impossible to answer.

- Cause and effect between leadership development and business outcomes can't be proved.

- We don't know what would have happened if the programmes had not taken place. Organisations don't run control groups, or adopt different techniques with different populations to compare outcomes.

- There is little, if any, robust objective evidence to tell us which techniques work better than others.

There is some evidence that organisations that are perceived to be 'good' at leadership development achieve better business results overall. For example, research by Chally Group found that the top 15% of more than 300 global companies sampled showed ten-year market capitalisation growth of 122% compared to 37% for organisations in the bottom 15%. But there are many difficulties with this, including defining what 'high quality' leadership development is, and the fact that better business performance may be attributed to many factors other than leadership development.

Aon Hewitt also conducts a regular global study that seeks to examine the link between leadership practices and business results. It defines top-performing companies based on responses to a survey and in-depth interviews together with three- and five-year business performance, company reputation and diversity of the leadership team. It finds that such companies offer a variety of development opportunities more consistently to leaders at all levels (see figure below) than other companies.

Development opportunities offered to all leaders

	Global top companies			All others		
	Senior	Middle	Front-line	Senior	Middle	Front-line
Developmental assignments	80%	76%	64%	52%	51%	37%
Special projects/teams	68%	72%	64%	46%	57%	44%
Leaders serving as teachers	80%	76%	56%	40%	42%	34%
Cross-cultural awareness training	72%	76%	68%	34%	38%	36%

Source: Aon Hewitt. 2014

"Most companies simply assume that investments in leadership development produce results."
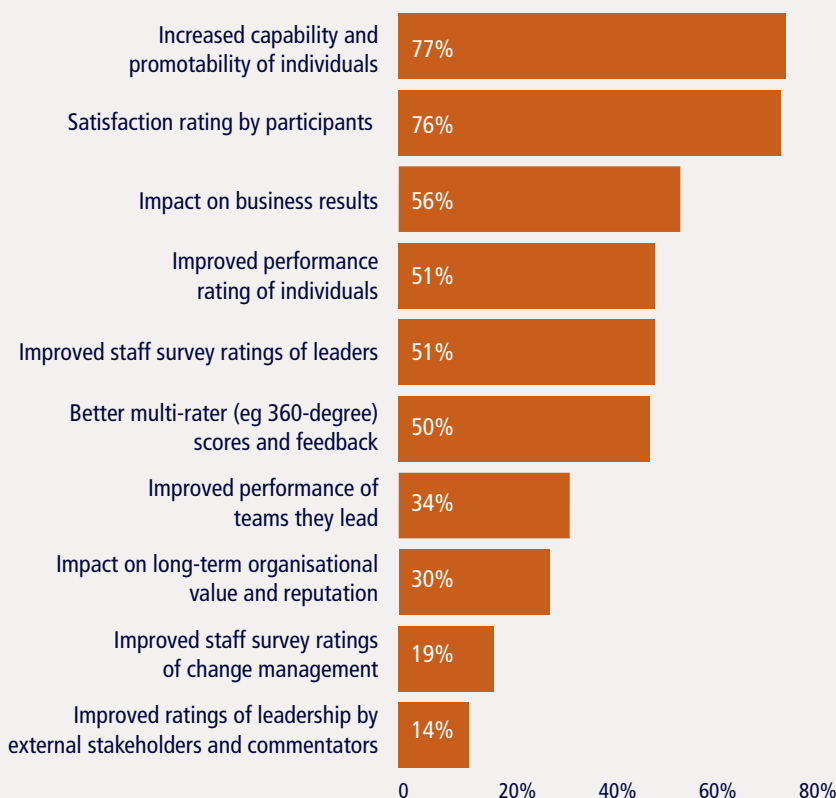**Jay Conger, Professor of Leadership Studies, Claremont-McKenna College**

Aon Hewitt has also found that top-performing global companies demonstrate greater commitment to sustaining leadership development over the long term and embedding it in their culture.

- 92% of global top-performing companies said leadership investments were not affected by financial performance, compared to 68% for the rest of the sample.
- 92% of top companies hold their leaders accountable for the strength of the talent pipelines (through compensation opportunities and rewards), compared to 59% of others.
- 96% of top companies include specific leadership metrics in their overall organisational performance metrics, compared with 74% of others.

5.2
CRF survey results

Our leadership survey enquired about evaluation of leadership development. Most respondents (55%) keep leadership development under continuous review, rather than reviewing it on an ad hoc (22%) or annual (13%) basis. This is encouraging. However, when we asked about the evaluation criteria, we found these are predominantly focused on individual outcomes and perceptions as opposed to overall business results. We find these results intriguing. What's more, while more than half (56%) say they evaluate the impact on business results, we believe it is extremely difficult to isolate the contribution of leadership development from other performance factors.

Criteria for evaluating success of leadership programmes

Criteria	%
Increased capability and promotability of individuals	77%
Satisfaction rating by participants	76%
Impact on business results	56%
Improved performance rating of individuals	51%
Improved staff survey ratings of leaders	51%
Better multi-rater (eg 360-degree) scores and feedback	50%
Improved performance of teams they lead	34%
Impact on long-term organisational value and reputation	30%
Improved staff survey ratings of change management	19%
Improved ratings of leadership by external stakeholders and commentators	14%

Questions for reflection post-event

In chapter 2 we emphasise the role that reflecting on experience plays in helping embed learning. Holding a post-event discussion with participants in leadership programmes can also be a good way of evaluating the impact of the programme, and effects on individual performance and learning. Here are some suggested questions to explore in post-event discussions with participants. This could be done either by their line manager or L&D.

- What were your objectives in attending? To what extent were they met?
- What new skills and techniques did you learn?
- What did you learn about yourself?
- What did you learn about other people?
- What new learning needs were highlighted that you weren't aware of before?
- What will you do differently as a result?
- What will you work to improve?
- What goals will you set for yourself?
- How will you track progress?
- Was the programme worth the investment, both in time and money?
- How could the programme be improved?

Kirkpatrick's Four Levels of Evaluation

Evaluation has moved on little from Donald Kirkpatrick's Four Levels, which he first outlined in 1959. It remains the most commonly cited model, and was referred to by many of the organisations we interviewed.

The model describes four levels of learning outcome.

- Level 1 – Reactions: describes how participants felt about the learning event – so-called 'happy sheets'. CRF's leadership survey found this is one of the top two evaluation criteria, cited by 76% of respondents.

- Level 2 – Learning: knowledge or skills acquired as a result of the learning.

- Level 3 – Behaviour: the application of learning to the job.

- Level 4 – Results: the impact of the learning on organisational objectives.

Shlomo Ben-Hur of IMD (2013) cites three key limitations of the model.

1. **Limited focus on participant outcomes.** It misses out on various other key factors affecting learning impact, such as organisational culture (discussed in Chapter 2).

2. **Liking does not produce learning.** The model presumes that positive reactions to the learning imply that something has been learned, but this is not necessarily borne out in practice. Indeed, recent research (also discussed in Chapter 2) suggests that a degree of discomfort can help learning to 'stick'.

3. **Too ROI-focused.** CRF believes it's almost impossible to determine ROI in development initiatives and that ROI is quite possibly the wrong measure. There are other ways of evaluating business impact, as discussed in this chapter.

When we asked organisations to rate the impact of leadership development on different factors, the results were disappointing. The question asked respondents to rate the impact on a scale of 1 (No Impact) to 5 (High Impact). The best performing factor – leadership bench strength – was rated a disappointing 3.25 out of 5.
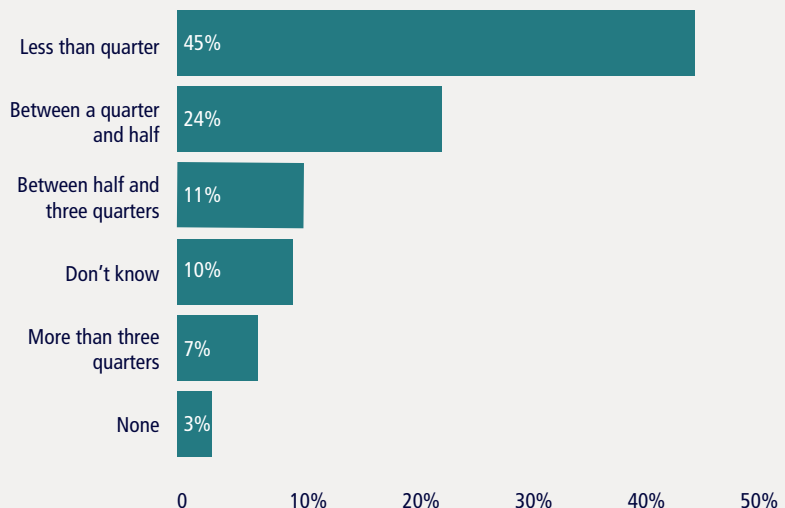
Impact of leadership development in the past five years.
1 = No Impact; 5 = High Impact

Factor	Rating
Leadership bench strength	3.25
Employee engagement and trust	3.22
Organisational effectiveness, i.e. both financial and non-financial metrics	3.15
Financial performance and value	2.87
Organisational reputation with investors, analysts, regulators etc	2.85
C-suite succession	2.81

More encouragingly, organisations do appear to be able to source top leadership talent internally. Some 45% of respondents had filled more than three-quarters of top team vacancies internally in the past five years, and 3% had met all their top team needs internally.

Looking at your organisation's top team, what percentage of vacancies have been filled externally in the last five years?

Category	Percentage
Less than quarter	45%
Between a quarter and half	24%
Between half and three quarters	11%
Don't know	10%
More than three quarters	7%
None	3%

Some organisations have attempted to assess return on investment (ROI) in financial terms, but we find this is a waste of time. Samantha Rockey, Head of Leadership Development at SABMiller said: "When we try to calculate ROI, we can usually show that it's greater than 200%, but the effort is always greater than the benefit." Mike Canning, CEO of Duke Corporate Education, agrees: "We find few companies actually worry about the ROI of a programme. Rather they focus at the macro level on the link between building capability, enhancing performance and achieving results."

> We distinguish *measurement* through looking at quantitative data, which we find is of limited impact, and *evaluation*, which looks at whether leadership development has achieved the desired results.

5.3
Evaluating the effectiveness of leadership development

We suggest there are a number of steps to consider in designing an effective evaluation process for leadership development.

1. *What role do we expect leadership development to play in delivering the strategic objectives of the organisation?* You need to start by thinking about the outcomes you want to achieve, and work backwards from there to determine what actions are required.

2. *Have we conducted an analysis of needs?* Given the organisation's strategic intent, where are the critical gaps in terms of leadership capability? Where does effort need to be focused? What's the right sequence of activity?

3. *How will we evaluate whether the desired results have been achieved?* It is critical to consider this at the outset. Most organisations don't give this sufficient thought until activities are already underway. Think about how you will know the desired change has been achieved and where you will look for evidence. Which stakeholders need to be involved? It's important to focus on outcome measures such as the percentage of key leadership positions filled internally, leader turnover rates or speed of promotion for programme participants versus non-participants. Also, consider triangulating a number of different measures to see if they provide a consistent picture, and use multiple methods and data points. What's the payoff in terms of cost of data gathering versus usefulness of the data obtained? Are resources available for data gathering and analysis?

4. *What's the performance baseline?* It's important to be clear about what you are measuring against.

5. *What are the key objectives for each aspect of the leadership development programme?*

6. *How do we know the strategy and approaches adopted for leadership development will actually deliver the objectives?* What's the underlying theory and is it robust and evidence-based? Have other organisations used similar approaches and what results have they achieved?

7. *After the event, did the activity do what it was supposed to do?* Were key objectives met? Are there opportunities to improve?

8. *Who needs to know about the results of the evaluation?*

Case Notes – Evaluation

Thomson Reuters

The roll-out of Thomson Reuters' first-line leader programme (MATR, described in Chapter 1) to 6,000 staff over two years was an opportunity to test its impact. The company already had in place a manager effectiveness survey. Each year, as part of the performance review, managers are assessed by their team members via an online questionnaire. They receive individual results and comparisons with company norms. The manager effectiveness scores were used to establish a performance baseline for MATR. The company then tracked changes in scores for those who attended MATR. The results were that MATR attendees had a statistically-significant higher result than non-attendees the following year. Michele Isaacs, VP Talent & Development, commented: "We can't say there's a causal link between the programme and manager performance, but we do know that managers who attend the programme are rated more highly by their direct report than those who don't."

The results of the effectiveness survey have also been used to analyse training needs, allowing the company to focus the MATR curriculum on critical skills areas.

Anne Bowerman, VP Executive Development, said the company has conducted in-depth evaluations in the past, but there was no significant demand to prove value for money. "We used Brinkerhoff's Success Case Method, and it gave us some really interesting insights, but the executive team never asked for that kind of data." For Bowerman, a more important indicator is senior-level endorsement: "Does the senior leadership team feel comfortable with what L&D is doing? Do they provide funding when L&D asks? Do they roll up their sleeves and get involved in designing and delivering programmes? Do they think the programme is a good use of their leaders' time?" I think these are probably good measures of how they view the impact of what you do."

IHG

The hotels group takes both qualitative and quantitative approaches to evaluating leadership development, and triangulates a number of different data sets.

- For its first-line leader programme, IHG interviews a sample of attendees' managers, to find out what changes in performance they have seen.
- Hotel performance data is compared with programme attendance to identify correlations.
- The annual staff survey includes a number of leadership questions, the results of which are fed back individually to line leaders.
- The rate of internal versus external appointments is tracked, and the company also looks at whether people identified in succession plans are actually getting 'readier' more quickly year on year.

Imperial Tobacco

Imperial Tobacco has implemented a number of measures to ensure leadership development is linked to business needs.

- A leadership development steering group – comprising a subset of the executive team – oversees activity and checks programmes are set up to achieve objectives.
- L&D publishes an annual report and accounts summarising the impact of leadership programmes on both individuals and the organisation. This looks through various lenses and includes both quantitative and qualitative data. Quantitative measures include
  o assessing behaviour change through comparing 360-degree assessments before and after programmes
  o looking at engagement scores of individuals who have attended programmes, and those of their teams
  o measuring cover for key roles in the succession plan and whether it's improving
  o how quickly people attending programmes are promoted
  o looking at the individual's and their line manager's assessment of whether their performance as a leader has improved as a result of development activities.

Qualitative assessments include interviewing people immediately after a programme and 6-12 months later to find out what has changed as a result. The information gathered is written up into a report and accounts.

Jonathan Cormack, Global Director Organisation Capability, said the ultimate goal is improved business performance: "My view is the true impact of leadership development will actually be felt years down the line. I'm mindful that the true measure is whether we have a sustainable business, with sustained high performance, over the long term."

We also found some organisations test people before and after a programme to assess individual skill improvements. For example, GSK compares scores on a situation judgement test before and after a leadership programme. Some organisations also track the financial impact of ideas arising from action-learning projects. Wincanton's efficiency programmes netted just over £3m in savings in the first year.

6

CONCLUSIONS AND RECOMMENDATIONS

Topics covered

Introduction

This chapter sets out the key conclusions of our research and outlines recommendations for implementing fit-for-purpose leadership development.

"Is leadership development fit for purpose? You have to start by defining what that purpose is. From my point of view, the purpose that should be central is first whether it actually helps the leader develop their own capabilities and second whether it helps them support the development of other people's capabilities. In most cases, existing forms of leadership development don't seem to be addressing this purpose." **Professor Robert Kegan, Harvard Business School**

Why leadership development programmes fail

McKinsey published an article in January 2014 which identified the four most common reasons investments in leadership development fail to produce the expected results.

1. **Overlooking context.** Too many development initiatives rest on the assumption that one size fits all, whereas the reality is that a successful leader in one context could be a disaster elsewhere. McKinsey found that better outcomes were achieved when companies were clear about precisely what the programme was for, and used this understanding to whittle down the scope to focus on a small number of key capabilities. So, if the programme is to support an acquisition-led growth strategy, for example, then building leaders capable of devising winning strategies for new business units may be a priority.

2. **Decoupling reflection from real work.** It is difficult to translate experiences gained on a programme into changed behaviour on the front line. A solution is to tie development to real on-the-job projects (discussed further in Chapter 4). However, it is important to build into these real-world experiences opportunities to reflect on what is being learned, rather than just 'doing the work'.

3. **Underestimating mindsets.** Programmes often focus on changing behaviour without addressing the underlying mindsets that drive people to act in the way they do. Development therefore needs to address some of the deepest assumptions, beliefs and feelings before behaviour can change.

4. **Failing to measure results.** By failing to track outcomes and measure changes in leadership performance over time, organisations increase the odds that development initiatives won't be taken seriously. Too often, evaluation begins and ends with participant feedback. See Chapter 5 for a further discussion on evaluation.

6.1
Conclusions

- The ability to grow future leaders is a key element of success for organisations. However, our research shows that levels of satisfaction with leadership development are not as high as they could be – only 31% of respondents to CRF's survey consider their overall ability to develop leaders to be 'Excellent' or 'Good'.

- The ultimate purpose of leadership development is to deliver long-term business strategy. Therefore, fit-for-purpose leadership development needs to be thoroughly grounded in business strategy, and based on a robust analysis of needs. There is no one answer that applies across the board – strategies for developing leaders need to take account of the economic, social, technological and political context and also reflect how the needs and expectations of followers have changed.

- Aside from a few developments, such as the increased use of coaching and improvements in functionality of online learning and social media, we find there has been little change over the past 15 years in the approaches organisations take to developing leaders.

- Leadership development remains heavily reliant on formal, classroom-based programmes. There has been a move away from lectures towards higher levels of interaction and use of coaching, 360-degree assessments and self-directed learning. Although many organisations say that their approach to development is rooted in 70:20:10, in practice we find that L&D does most of its work in the 10% (running courses). The balance needs to shift towards helping leaders learn from on-the-job experience.

- Leadership development interventions need to be designed to take into account how adults learn. We find that many learning specialists either don't have a deep enough grounding in adult learning, or are failing to take this into account when designing development. Leadership development needs to recognise that it takes many years of repeated practice to achieve mastery as a leader.

- Organisations need to prepare people for learning by teaching them how to reflect on experience, and should make learning as relevant as possible to day-to-day work and provide opportunities to put learning into practice on the job. Line managers play a pivotal role in helping develop leaders and need to be better engaged in developing their people.

- Action learning and other experience-based learning activities can be effective mechanisms for developing leaders. But they need to be based on meaningful work that's relevant to the business and set up with clear objectives and opportunities for participants to reflect on and put into practice what they have learned.

- The most effective way of developing leaders is through learning from the experience gained in challenging situations and work assignments. It is possible to craft the experiences people need to build their leadership capabilities, and jobs can be designed to be more developmental. However, organisations largely neglect this aspect of leadership development; very few do it well. To develop leaders through experience, organisations need to navigate numerous obstacles. For example, they must strike a balance between short-term results and long-term development, make a commitment to long-term career planning, and make senior managers accountable for developing future leaders.

"I find a lot of L&D people are stuck in a fixed paradigm which might have been relevant in the eighties and nineties, but it is not up-to-date. They're not close enough to the business strategy, and they're focused on 'training' at the expense of building leaders through experiences and bosses." **Jay Conger, Professor of Leadership Studies, Claremont-McKenna College**

- There is some evidence to suggest that organisations that invest in high-quality leadership development tend to perform better than others, but there is no proven causal link between spend on development and business outcomes. We find that most organisations lack a robust approach to evaluating the effectiveness of leadership development.

6.2
Recommendations

1. **Start with the business strategy.** Be clear about the purpose of leadership development. Is there an underlying change agenda? Are the requirements of leaders changing?

2. **Conduct a proper needs analysis,** so that you can customise your approach to exactly what the organisation needs at a given point in time. This will help answer questions such as: "Do we start at the top and cascade down, or start at the middle? Should we invest a little bit in everyone or focus resources on a small number of key roles or people?"

3. **Be clear about your underpinning theory of leadership** and what you expect leaders to do. How do you differentiate between leaders and managers? Where are the greatest skills gaps? Concentrate on what leaders will need in the future; don't just 'bake in' what makes leaders successful today, as many competency frameworks do.

4. **Link strategy and purpose to action.** There are many different approaches to developing leaders, so it is important to choose those that are most likely to deliver on the stated purpose. Pair classroom training with work experiences that solve real organisational problems. Make sure the design of development interventions reflects key principles of adult learning theory such as

   a. designing learning to reflect the learning cycle and how the brain works

   b. connecting learning to what's happening at work

   c. adequately preparing people for learning by briefing participants and their line managers

   d. building in opportunities for reflecting on what's been learned and how to put it into practice

   e. creating space for discussion and practice

   f. building support networks.

5. **Be clear about roles and responsibilities.**

   a. The overall strategy for leadership development should be owned and championed by the senior leadership team. Effective leadership development is difficult work and requires the support of people with political clout and resources. We find that the organisations that are most effective in developing leadership talent consistently over the longer term are also very clear that senior leaders are accountable for developing others rather than simply delivering short-term business results.

Summary – designing fit-for-purpose leadership development

Jay Conger finds that the best development programmes

- are designed around an understanding that leadership development is a continuous process over many years

- are integrated with the actual work of the organisation

- are aligned with organisation support systems such as succession, performance management and reward

- deploy multiple interventions such as action learning, coaching and feedback, as well as formal training programmes

- strive to advance the strategic and cultural objectives of the organisation while simultaneously developing a deep bench of leadership talent.

"Our emphasis is very much on learning being led by the individual Partner. We provide support, information, and processes to connect the dots, but ultimately they are responsible for shaping their career and building their skills." **Deborah Strazza, Head of Organisation Effectiveness and Talent, John Lewis**

b. The L&D function needs deep expertise in leadership development solutions and adult learning theory. It also needs a thorough understanding of the business strategy in order to translate business direction into leadership interventions. L&D should also build strong vendor selection and relationship management skills so that it can manage relationships with business schools and other partners effectively. L&D specialists need to be skilled in designing interventions that closely link development with practice on-the-job and maximise the opportunities for learning from experience.

c. HR's role should be about providing expertise and facilitating rather than running the show. It plays a key role in connecting leadership development and talent management/succession planning, which are siloed in many organisations. Succession planning and leadership development should work together to define both *what* skills future leaders need and *how* they can be developed.

d. Line managers need to be equipped to support their teams' development. This includes understanding what experiences are covered on programmes, and how the learnings might be reinforced in practice or reflected in the individual's objectives. The organisation should encourage and reward managers who support development.

e. Individuals need to be given responsibility for managing their own development. But organisations should educate them about potential career paths and development opportunities and teach them how to maximise their own learning.

6. **Make sure the organisation context supports rather than quashes the acquisition and application of new skills.** Nurture line managers who are skilled talent developers; where possible, match emerging leaders with talent developers who can enhance their development. Don't let people 'sink or swim'.

7. **Build processes for learning from experience.**

a. Starting with the business strategy, identify specific leadership challenges that can be used as development opportunities. These might be defined career paths, permanent positions or short-term assignments or projects.

b. Build processes for getting people with leadership potential into the right experiences at the right time in their career. This can be incorporated into existing talent and succession processes.

c. Rethink development plans to focus on building relevant leadership experience.

d. Make sure the mechanisms are in place to support learning – such as mentoring or training – and help people maximise learning from these experiences. The executive needs to understand why they are being given the opportunity and what they are expected to learn, and they need to be given sufficient space to balance performance in the role and learning on-the-job.

e. Build line manager capabilities in having good career conversations and supporting development. Reward and promote line managers who are good people developers, and penalise managers who hoard talent.

8. **Don't overlook evaluation.** Work out before you start what information key stakeholders will need and how you will gather that data. Design the evaluation before you start delivery. Make sure the objectives for the development programme are clear, and check after the event whether they have been delivered. Establish a baseline to measure against.

APPENDIX

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