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Prickly Pursuit

Leaders and followers frequently have a precarious relationship, increasingly one of mutual interdependence, where roles and boundaries blur in the talent-driven ecosystem.

<p>WARREN BENNIS <i>Art of Followership</i> True followers check toxic leaders 3</p>	<p>MARSHALL GOLDSMITH <i>Leader Confidence</i> Boost the confidence of your high potentials. 8</p>	<p>Show return on your LD investment. 12</p>	<p>Keep managers engaged in assimilation. 16</p>
<p>BEVERLY KAYE <i>Career Development</i> Engagement is key to job satisfaction. 4</p>	<p>TOM RATH AND BARRY CONCHIE <i>Leadership Strengths</i> You have now what you need to lead. 9</p>	<p>JANET BOULTER <i>Recovery Leadership</i> Go light on command to get commitment. 13</p>	<p>CINDY CROSBY AND GREG ZLEVOR <i>Developing Leaders</i> Create a burning platform for LD. 16</p>
<p>KEVIN AND JACKIE FREIBERG <i>Branded the Best!</i> Build a culture that attracts the best. 5</p>	<p>JOSH BERSIN <i>Leadership Development</i> Strategic LD improves capabilities at all levels. . 10</p>	<p>WILLIAM BRIDGES <i>Revitalize Your Leadership</i> Reorient and renew your people. 14</p>	<p>JOSEPH GRENNY <i>Virtual Teamwork</i> Counter sources of divisive influence. 17</p>
<p>BOB McDONALD <i>Values-Based Leaders</i> Ground your leadership and life on bedrock. 6</p>	<p>DEBORAH ANCONA AND ELAINE BACKMAN <i>Distributed Leadership</i> It's what we need to sustain success. 11</p>	<p>SHARON DANIELS <i>Innovative Cultures</i> They share six common characteristics. 15</p>	<p>JIM CLIFTON <i>New Normal Leaders</i> Create sustainability. 18</p>
<p>MICHAEL BEER <i>Lead Learning</i> Achieve top performance . . 7</p>	<p>DAVID GIBER <i>Improving ROI</i></p>	<p>PAT LENCIONI <i>Power of Diversity</i> . . . 15</p> <p>KATHY ALBARADO <i>Beyond Hiring</i></p>	<p>GREGORY GULL <i>Open Both Eyes</i>. 19</p> <p>CHIP R. BELL AND JOHN R. PATTERSON <i>Service Leaders</i> 20</p>

Leadership Development

Create a multi-year plan and evolve as you go.



by Josh Bersin

COMPANIES REACHING the strategic stage of leadership development (LD) perform better than companies with generic and inconsistent approaches. In fact, companies at the top levels of maturity show measurable bottom-line benefits, including lower turnover among high-performing employees, half the rate of downsizing, and higher scores on *productivity, financial performance, strength of leadership pipeline, and planning*. These companies are more likely to emerge from the recession ahead of the pack.

Our *Leadership Development Factbook* (based on a survey of 350 firms) shows that LD continues to be a top priority. But the study also raises red flags:

Only half of all leaders participated in some type of LD last year (in spite of the huge role that leadership plays). Senior leaders create and implement the strategy, drive growth, inspire high performance, and help sustain competitive advantage. As technologies and markets shift, leaders must adapt.

Many leaders fall short in skills development. We asked participants to rate the skills and capabilities of each level of leader based on expectations for that role. Leaders received lackluster performance ratings. In fact, only 37 percent of executives were rated as having *excellent* skills and capabilities—and fewer than half of executives have development plans in place, and 20 percent of companies don't offer *any* development to executives. *Clearly, executives are not getting enough focused development.* Many companies have put aside LD as they cope with restructuring and layoffs. With fewer budget dollars, companies are more selective in choosing leaders for development.

Informal learning is gaining traction for leaders. Companies continue to develop leaders, despite the economic challenges, by turning to less formal, more collaborative methods. These changes can make LD programs more cost efficient. *Informal learning* refers to learning that is ad hoc, customized to an individual's needs, unstructured

with no defined beginning and end, and without the discipline of instructional design. We advise L&D teams to "architect" these informal elements, set clear objectives for each, decide how to evaluate their success, and include them in the design of all major learning programs. The effort to provide more structure is formalizing informal learning.

Because the lines between *formal* and *informal* learning are blurred, **we group informal learning into three main categories:**

- **On-demand learning** (self-study) refers to learner-led activities, such as books, reference materials, videos, podcasts, online self-study materials and other content. This learning is not part of a structured program, but is consumed at the learner's discretion. For example, GE relies on its SkillSoft library to maintain a continuous learning environment for its leaders. First- and mid-level managers are more likely to access online materials; senior-level managers and executives access more books and videos.

- **Social learning** (collaborative) refers to the use of social experiences and includes project teams, coaching, mentoring, social networking, communities of practice, quality councils, wikis and blogs. Social learning is the hottest topic in LD (most companies are now experimenting with it). Coaching and mentoring, although highly effective for all leader levels, are more commonly used for senior-level leaders and executives. Communities of practice, wikis and blogs are more highly adopted at the lower levels—likely because these are typically younger individuals who fit into the Generation-X or -Y categories, and who embrace technology.

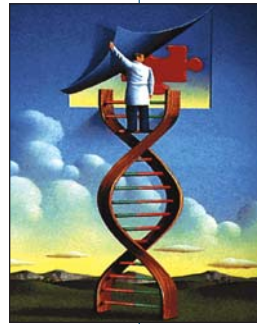
For example, **Ameriprise Financial** recently implemented a mentoring program. Using an online system, mentors sign up to be a mentor and complete a profile. Those seeking mentors sign up and also complete a profile. Based on *leadership competencies*, the system identifies a match between mentor's strengths and mentee's needs. Mentees search the database to find a mentor and then reach out to the mentor. Mentee's

manager approves the pairing. The mentor and mentee receive training resources that support the relationship.

- **Embedded learning** (on the job) encompasses processes, content, and systems that help an employee solve problems and learn while doing the job, such as job-aids, help systems in software, checklists, reference cards and online performance support. Even "stretch goals," customer interviews, councils and feedback surveys are considered as embedded learning. First- and mid-level managers are more likely to take advantage of job-aids, reference tools and performance support applications. Since senior leaders learn best by being challenged on the job, stretch goals and complex assignments are effective.

Case in point: Formalizing informal development at Motley Fool.

Motley Fool provides investing advice and stock research. With about 215 employees, the company uses an innovative approach to developing its future leaders. Its Fellowship Program targets up to 12 individuals who have the potential to run



the company. This cohort meets weekly for 18 months. Executives teach a series of six-week courses to educate participants about all key areas of the company and provide them with tools to lead.

Participants are assigned rigorous reading and work together in study groups and team-building activities. They interact, breaking down silos and collaborating. Each study group presents a final project, usually addressing some problem or opportunity. Many of their ideas have been adopted. They also work on several high-profile experiences—including running a board meeting, presenting a summary of their experience, and spending time with some leader in their field from outside the company.

Making progress. Building an effective LD program takes time. Develop a multi-year plan that includes executive sponsorship, business alignment, tailored competencies, and TM integration.

Companies with *mature LD programs* give their leaders higher ratings on their skills and capabilities. Strategic LD does, in fact, improve the skills and capabilities of leaders at every level, and companies with best-practice LD consistently outperform and endure. **LE**

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ACTION: Refine your LD program and process.