

Mapping the Future of Executive Development

Building Leadership Bench Strength

Most of the companies who responded to our surveys, believe that excellent processes for developing leadership talent are truly needed and are working towards establishing and improving upon them in their organizations.

In recent years, leading companies have experienced a dramatic increase and importance of executive and leadership development, and chief learning officers. These professionals are now partnering with CEOs and other senior executives in identifying the leadership capabilities and talent needed to create and implement the strategies that will help their organizations stay competitive in this high pressure global environment. Many companies have come to the realization that the development of leadership talent is not only helpful, it is cru-

cial to sustain a competitive advantage, thus creating a new and highly-valued role for leadership and executive development heads and CLOs. It is their job to prepare the leaders for executing the strategy of the organization, effectively and efficiently.

In our company, Executive Development Associates (EDA), we have three primary areas of focus:

1. Custom-designed Executive Development and Education
2. Custom Talent Management
3. Advancing the state of the Industry.

Our 3rd “bucket,” advancing the state of the industry, is where we devote our time and resources to provide these industry professionals with data, analysis and the development that they need in order to stay abreast of the trends and to meet the challenge of preparing their organization’s executives. Since 1983, we have been using surveys as one method of capturing the most current state of affairs. Through these surveys, we are able to determine the best practices, top priorities, emerging needs and new approaches.

In our past surveys, EDA forecasted that developing leadership bench-strength would be a rising challenge that companies would be forced to acknowledge and act upon. So, in our most recent survey, we focused on collecting information on how companies are currently meeting their needs in this area. We also wanted to gather some high-level information on hot-topics related to bench-strength, including succession management, integrated talent management systems, the leadership pipeline and leadership for emerging markets. To go even further, we inquired on how companies were handling the process of identifying and accelerating the development of their high potential employees and the use of popular executive learning and development methods such as leader-led learning, action-learning, coaching, stretch assignments and on-boarding. Finally, EDA researched not only the use of measurement and patterns of spending in executive development, but also the importance of each one of them.



In the past, EDA discovered that close to 80% of the companies surveyed believed that increasing their bench strength and ensuring replacements for key people and jobs was the number one priority. The heads of executive and leadership development and chief learning officers were concerned that, in the future, their companies might lack the leadership capacity needed to accomplish their strategic goals.

In the recent survey, EDA followed up on this finding by asking participants if they noticed a change in the importance of increasing bench-strength. Based on these responses, 97% stated that the importance in improving their bench-strength has either increased or remained the same. To be more specific, 71.7% of respondents said that the importance of this imperative has increased, while only 26.3% believed that it remained the same. It is safe to say that this issue is still number one on the list of most organizations. The main reason so many companies are concerned with increasing their bench-strength is because the "baby boomer" exit will create sizable leadership gaps. The companies who will emerge toppers will be those that have their replacements equipped and are ably positioned to take the baton.

Because effective tools, systems and programs are needed to guarantee a smooth transition of responsibilities from one generation to another, EDA chose to further examine how companies handle integrated talent management, succession management, filling the leadership pipeline and establishing the best leadership plan for emerging markets. Let's take them one at a time:

An Integrated Talent Management System

An integrated talent management system can centralize key programs and processes that identify, attain, develop and retain key talent in a company. While past surveys show that 70% of our respondents believe that creating a system that includes all executive and leadership development and key

Human Resource department activities was top priority for them, a much smaller percentage actually said that they were excelling in an integrated system approach. Most leading companies possess the core components of a talent management system (executive education, performance management, succession management, executive coaching, mentoring programs and identifying and developing high potential employees). Unfortunately, in most companies, each of these components stands alone and operates independently. To guarantee success in the development of leadership talent, these key components listed must be integrated with each other and ultimately with the strategy of the organization.

When we inquired about the respondents' performance in establishing a system and whether or not specific goals were in place for an integrated talent management system, this particular question had the lowest rating of improvement. Only 40% indicated that their progress in an integrated talent management system was improving; 51% felt they were stationary in this area whereas 9% believed they were worse off now than before.

Even though some progress was being made, many companies felt they were far from reaching their goal in this particular area even though a full three-fourths of the respondents indicated that their organization had goals set to work towards implementing a talent management system.

Succession Management

Many organizations believe that having a sound succession management process is the foundation of an integrated talent management system. However, our past research revealed that only 40% said their organization excelled in creating a succession management process. On the positive side, when we followed up on their progress, we found that a full 60% indicated that their succession management process was improving. Thirty-three percent believed that their progress remained the same and only 7% felt a decrease in their progress or were unsure of the results. Some of the common challenges these companies faced in establishing a succession management process were:

1. Lack of a standard planning process
2. Insufficient interest in the process



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Prior to founding EDA, Jim spent more than 16 years at Xerox Corporation holding executive positions in sales, marketing, operations and human resources.

Jim's *Harvard Business Review* article, "Tailor Executive Development to Strategy" was the first to introduce the concept of linking executive development to business

strategy. His first book, *Executive Development: Strategy for Corporate Competitiveness*, chronicled how CEOs used executive development to shape and achieve their strategic agenda.

His newest books include *The Future of Executive Development*, and *Strategic Executive Development: The Five Essential Investments*. Jim was selected by *The Financial Times* as one of the top experts in Executive/Leadership Development. He is an online columnist for *Fast Company* and is the Editor of *The 2007 Pfeiffer Annual: Leadership Development*. Linkage, Inc. named him one of the top 50 Executive Coaches in the World. He can be reached at jbolt@executivedevelopment.com

3. Lack of follow through after collecting data.

Our years of experience in designing executive development processes have shown us that there are many factors that need to be taken into consideration when a team begins to create a succession management process for their organization. The entire responsibility for creating the succession process should not fall on an organization's Human Resources department. A thriving succession management process is the result of a cross-functional group put in place to pinpoint the skills and core competencies that are essential to meet the company's goal. In order to be successful, there are key steps that must be included:

- ❖ The executive team needs to establish a sense of responsibility throughout the entire organization
- ❖ High potentials progress must be reviewed and monitored on a continual basis
- ❖ There needs to be well-documented proof of each high potential's achievements, strengths and potential derailing behavior, which can all be used in the selection and development of future leaders
- ❖ Alignment of all of these key processes with the organization's strategy, culture and vision
- ❖ Identification and motivation of future leaders through feedback sessions, reviews and informal career discussions, taking notice of their interests, skills and abilities and assigning challenging projects
- ❖ Finally, companies should track their results and continue to reinforce desired behaviors.

The Leadership Pipeline

The leadership pipeline is another way to assess and develop leadership bench strength. Out of all our survey respondents, a full 44% see progress in filling their company's leadership pipeline with competent talent. Unfortunately, 54% either did not see any progress being made or believed that they were even weaker in this area than before. Some comments made by

those who viewed the leadership pipeline as weaker, claimed that the skills they have developed and now currently possess, may not be the skills needed in order to move the company forward.

We decided to dig into this a little more by engaging in an interesting and somewhat perplexing problem. We asked our respondents to examine the next generation of leaders and identify the skills they may be lacking. More than half believed there was a gap in soft skills such as the ability to create a vision, engage others, think strategically or understand the total enterprise. They believed that the biggest lacuna lay herein and not in technical skills (i.e. business acumen, communication skills, financial management).

Globalization

With the steady increase in globalization, companies are forced to look at where they are compared to leaders talent in emerging markets. Many of our respondents (nearly 78%) viewed the country of China as the area where they most needed to develop leadership in order to support their company's strategy. Companies are approaching this issue in a variety of ways.

- ❖ There are those that develop programs specifically for emerging market leaders by bringing them into the existing executive development processes/programs

- ❖ Others change their regular executive development programs to address this area by adding or changing what is offered

- ❖ There are even those who have yet to address this need.

The most commonly used method of preparing leaders for globalization was rotational assignments. Other methods included:

- ❖ Leader-led training
- ❖ Action learning
- ❖ Hiring of in-country leaders who are developed through an international development program
- ❖ Designing a leadership development plan modeled on the organization's existing processes and also culturally geared to market needs.

Attributes of a High Potential Leader

Because of the baby-boomer mass exodus, the lifespan of an organization is beginning to rely on how effective it is at identifying and developing its high potential employees. The ability to identify and properly cultivate true leaders may, in fact, be the difference between success and failure.

Survey respondents noted that there are several key attributes they look for when identifying high potential executives and emerging leaders.



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As a consultant, Bonnie specializes in executive coaching-developing leaders through perception awareness, increasing interpersonal skills, creating an executive presence and ultimately, leading their teams, departments, business units and organizations more effectively and with greater influence.

Since 1996, Bonnie has coached executives, presented key note speeches, and provided consulting and facilitated learning in many national and international corporations like Lockheed Martin, Fuji Hunt, Merck and Southwest Airlines, to name a few.

She has also worked as Regional Consultant for CPP, Inc., the publisher of the MBTI®, Advertising and Research Director for an executive career consulting firm, and Career, Personal, Crisis Counselor for Meridian Technology Center.