

LEE HECHT  
HARRISON

Developing leaders in challenging times  
for competitive advantage tomorrow.



# Leadership development



# is a dynamic process,

which means that organizations like Deloitte have a distinct advantage. “It’s in our nature to be chronic improvers, so we constantly refresh everything,” says Christine Murphy, Senior Manager of National Partner Services at Deloitte. Like most successful organizations, they recognize that both the workplace and the workforce are shifting landscapes. While every era has faced leadership challenges, increased globalization, regulation, and technology create unprecedented complexity, velocity, and volatility for today’s leaders. Therefore, leadership behaviors, attitudes, and skills that worked in the past may not be effective in today’s environment.

## **What’s happening to employee engagement?**

One significant change in the workforce is a decline in employee engagement. Survey results from Quantum Workplace show 66% of employers saw decreases in employee engagement between 2007 and 2008. By an almost two-to-one margin, more employers had lower overall employee engagement scores in the fall of 2008 than the fall of 2007. A 2008 study of national worker opinions by Modern Survey confirms that employee engagement has clearly declined over the last year. As of August 2008 when the study was conducted, 21 percent of U.S. workers were disengaged, a difference of four percentage points from August 2007.

While the decline in employee engagement may be a reflection of the economic climate or other factors, it may also be a reflection of an organization’s leadership climate. Since leaders have a strong influence on employees’ perceptions of the workplace, these declining engagement numbers may be influenced by disengaged leaders. It is also likely that the ranks of disengaged employees include highly valued, high potential employees — in whom companies have been investing significant leadership development dollars over the last decade — putting these emerging leaders at risk for leaving.

## **It’s always a good time to develop leaders.**

The bottom line is that, over time, poor leadership may have as great an impact on the organization’s success or failure as a recession. Today’s leaders must simultaneously lead change, develop talent, address complex issues rapidly, and prepare for a different kind of future, all during an extended economic downturn. While it might be tempting to refrain from spending money on leadership development during challenging economic periods, organizations should recognize the importance of meeting these demands now and continue to invest in senior leaders and high potentials at all levels. For organizations not already investing in leadership development, now is the time to begin, rather than simply focusing on the recession and working through it.

With all of the economic, business, and societal changes taking place, leaders are forced to adapt to a new order that demands both strategic skills and tactical talent. Leaders must also have a strong moral compass to guide them through decisions that require complex thinking, and that balances profitability and responsibility.

As a result of these overwhelming demands on today’s organizations, leadership development can no longer focus solely on the senior team. Leaders must be developed at all levels throughout the organization to ensure an organization’s success.

# Leaders are needed at all levels.

Look around and you will see that the American workforce is changing. In a 2008 Society for Human Resource Management (SHRM) Workplace Forecast, 78 percent of the 9,000 Human Resource professionals who responded to the survey said they were concerned about the large number of Baby Boomers (born 1946-1964) who will retire within the same timeframe. According to a recent study by the Conference Board, by 2010 about 64 million workers — 40 percent of the nation's workforce — will be poised for retirement. While not all of these employees will actually retire, the risk is imminent and organizations are vulnerable. Due to retirement (and other reasons), for every employee entering the workforce, two will leave. Murphy says, at Deloitte, there's a "gulf" of leaders 10 years from retirement. "We have a lot of new leaders in their thirties and a whole group of experienced leaders in their fifties who will be leaving in the next ten years — but not enough immediately behind them," says Murphy.

## **When retirements do happen, who will lead?**

While the current economic situation and declining 401(k) values may delay some retirements, the economy will recover and retirements will resume. Those employees who are forced to delay retirement for financial reasons will likely have altered expectations about work and perhaps less motivation — creating additional leadership challenges. When these retirees do walk out the door, many will be leaders who take years of experience and a wealth of organizational knowledge with them. Who will replace these leaders and how will new leaders be developed?

## **Managing a multi-generational workforce.**

In the same SHRM survey, 54 percent of respondents were concerned about generational issues with Generation Y (born 1978-1989) and Generation X (born 1965-1977). Today's workplace spans multiple generations and each generation has its own set of needs and motivators. Today's leaders must understand the unique characteristics and needs of these employee populations and adjust their leadership styles accordingly. Research has shown repeatedly that Generation X and Y employees do not respond to organizational hierarchy in the same way as Baby Boomers and the Silent Generation (born 1925-1945). One-style-fits-all leadership is no longer acceptable, creating a critical need for leaders who can adapt to changes in the workplace and the workforce.

Leaders managing multiple generations in the workforce must understand how to mesh diverse needs and motivators if they want to build optimal performing teams and successful organizations. Since the next wave of leaders will emerge from these diverse populations, leadership development must reflect not just the workforce, but also the leaders themselves.

## **Changing the leadership hierarchy.**

When these and other demographic trends are coupled with societal changes, it becomes apparent that traditional concepts of leadership simply will not work. While traditional models often focus on hierarchies — leaders in senior positions or those with a leadership "title" — today we need leaders at all levels. We need leaders that may not fit the traditional profile. Hierarchies are too slow to react and too cumbersome for today's dynamic environment that promises higher risks and opportunities. Organizations must have "all minds on deck" if they are to thrive in the 21st century.



## Today's leadership challenges

- Globalization
- Restructuring, mergers, and acquisitions
- Rapidly changing business environment
- Increases in complexity and risks
- Shifting workforce demographics
  - Diverse workforce
  - Multi-generation workforce
  - Baby Boom generation retirements
- Need to develop leaders at all levels
- Economic uncertainty
- Growth and productivity pressures
- Increased regulation and government oversight of industries and markets
- Continuing need to innovate through technology

# Leadership development is an investment in success.

Because of the changes and challenges facing leaders today, few would argue with the need for strong leaders and effective leadership succession planning.

## **Some of the benefits of effective leadership development include:**

- Development of leader, team, and organization competencies
- Ability to outperform the competition with increased market share, revenue, profitability, and rising stock prices
- Sustained performance
- A culture of customer satisfaction, innovation, continuous improvement, and operational excellence
- Strong bench strength and effective succession planning
- “Employers of choice” that win the war for talent
- Distributed leadership at all levels

Effective leadership development produces leaders who can coach, mentor, and develop other leaders in the organization, providing a steady stream of leaders at all levels.

Yet, some organizations still see leadership development solely as an expense. In a recession, it may seem to be an unaffordable expense. Almost anyone working in Human Resources can tell you that, in times of economic uncertainty, human capital development programs are often among the first budget casualties. During these periods, successful organizations do not question their investments in leadership development. They recognize that having strong leaders at all levels is always important, especially when organizations are struggling in the midst of turbulent economic times.

To address this situation, organizations must understand the return-on-investment (ROI) for leadership development and how to maximize that investment. Albert Einstein said, “Not everything that can be counted counts, and not everything that counts can be counted.” Anyone who has attempted to assign a specific dollar value to leadership development or other learning activities understands the challenge of calculating a precise ROI. What is easy to measure is the cost of turnover, lost productivity, and other breakdowns that result from poor leadership. Not having an effective leadership development approach is often a root cause of these problems.

In Bersin & Associates’ *High-Impact Leadership Development 2009*, they cite four top benefits of leadership development.

1. Driving organization/bench strength
2. Improving efficiency and effectiveness of leaders
3. Increasing successful execution of business strategies
4. Improving management communication and alignment

## **Determining ROI of leadership development programs.**

Many successful organizations have created measurement systems to determine the ROI of their leadership development programs. Maryanne Spatola, Vice President of Leadership and Professional Development at Selective Insurance Company of America says, “Constantly measuring results and the effectiveness of our leadership initiatives is important.” Employees’ progress in Selective’s leadership development program is monitored for about a year afterwards, and they have accountability partners to help keep them on track.

In *High-Impact Leadership 2009*, Bersin & Associates states: “One of the most difficult things to articulate to senior management is the benefits of leadership development. Most often, these benefits are not tangible and are hard to quantify.”

Through their research, they found that 41 percent of the organizations in the study cited “driving organizational development/creating bench strength” and “improving the efficiency and effectiveness of leaders” were tied as the number one benefit of leadership development.

Participants take a 360° assessment at the beginning of the program. About six to nine months after completion, they receive another 360° assessment. Spatola adds, “The [second] 360 is very targeted on what they said they were going to work on.”

Selective also does a good job of targeting their leadership development on the appropriate employees. “Making the distinction between a grow-in-place strategy for high performers and a career advancement strategy for high potentials is important for creating the right development opportunities for the right people at the right time,” says Spatola.

Organizations that do not focus their effort and resources on high potential employees — at whatever level — have more difficulty realizing a return on their investment in leadership development. While it is true that leaders can, and should, exist at all levels of the organization, development programs should be allocated to those individuals who have demonstrated leadership potential. Otherwise, ROI is diluted and the credibility of the development program is jeopardized.



# Leadership competencies can be developed.

Most aspects of leadership are behavioral and can be developed. Leadership competencies can be defined in terms of expected skills, behaviors, and knowledge that are needed to perform. The chart on page 9 shows a list of leadership competencies identified by Lee Hecht Harrison.

These competencies represent more than a set of leadership skills. They also represent risks and opportunities. For example, leaders lacking the ability to **think and act strategically** could pose significant financial and human capital risks to an organization. On the other hand, leaders who demonstrate strength in this competency provide long-term decision-making and problem-solving skills needed for the organization's success. They realize the necessity of pausing and acting deliberately, as opposed to leaders who often move too quickly in a crisis situation.

**Collaborative leadership** is another competency that is increasingly critical. The ability to transcend organizational hierarchies, harness collective talent, and create synergy is priceless. Effective leaders are respectful of functional boundaries and organizational hierarchies but do not let them become barriers to achieving complex outcomes.

## **Coaching for optimal performance**

is another must-have skill if leaders want to develop high potential employees and achieve top performance and desired business results. Coaching provides an opportunity for leaders to take action and assume personal responsibility for developing their employees.

**Building the capability** to lead change is a competency that cannot be delegated to a few at the top. Since change affects everyone in the organization, leaders at all levels need to be agents of change. While change is typically sponsored at the top, implementation cascades throughout the organization. What is needed is a strong network of leaders with the ability to lead and propagate these changes at all levels.

And, of course, with so much going on in organizations, **communicating intentionally** can mean the difference between confused employees who disengage due to lack of trust, or from confusion, and a committed workforce.



**This leadership competency**

**is an ability to:**

**Collaborative leadership**

Build consensus through shared decision making while persuading others to assume leadership accountability

**Leading optimal performing teams**

Inspire confidence and commitment to shared goals through individual and team accountability

**Learning in action**

Recognize, acknowledge, and value learning while taking action to produce results

**Thinking and acting strategically**

Apply a long-range view to problem solving and decision making through objective analysis and planning that leads to action

**Communicating intentionally**

Seek ideas from diverse audiences and deliver messages in a deliberate and precise way

**Coaching for optimal performance**

Help individuals and teams achieve and sustain top performance in ways that are linked to business results

**Innovating for business impact**

Create an environment that enables others to generate new approaches to emerging opportunities

**Building the capability to lead change**

Initiate, design, and implement change at all levels: organization, team, and individual

**Leveraging challenge and conflict**

Create an environment that invites diverse viewpoints, challenges the status quo, and initiates productive conflict that results in shared goals

**Developing leaders and sustaining a talent mindset**

Continually assess and create development plans for self and others that foster learning and growth

# Aligning leadership strategy with business strategy.

While many competencies can be developed, an organization must first identify its top leadership development priorities. Before any leadership development begins, senior management should reach agreement on their organization's unique needs and priorities.

Selective Insurance aligns their leadership competency model to create a line-of-sight with their business strategy. Spatola says, "The underpinnings of all initiatives related to developing leaders are grounded in a well-defined leadership competency model. We integrate the leadership competency model into our business model, whether it's talent acquisition, performance management, or talent management." Selective Insurance also integrates their competency model with specific leadership development opportunities, like their Leadership University curriculum or executive coaching. Spatola adds, "This strong integration provides a framework that is easily understood, consistent throughout our processes and builds both individual and collective capabilities for the organization."

## **The value of blended learning.**

The most effective leadership development programs use blended learning techniques. The components may include a 360° assessment, classroom instruction or seminars, and a combination of individual and group/team coaching. Formal and informal mentoring is often used. Increasingly, development programs often include technology-based tools, like webinars, podcasts, and simulations.

Another effective component of blended learning is an Action Learning Team, where participants are divided into groups and assigned a business issue or problem to be addressed. These on-the-job experiences, combined with coaching, are particularly effective in making

leadership development relevant and aligned with the organization's business objectives.

## **The basics of a successful leadership development program.**

Leadership development should always be aligned with the organization's strategy and objectives. For consistency, it should also be integrated with other learning related activities. To provide ongoing support for leadership competencies, organizations must commit to an ongoing process of assessment and feedback and to providing challenging developmental experiences.

A well-designed, comprehensive leadership development approach does more than develop leaders. It also develops the leader's team and organization as well. "A formal leadership development program has aligned our business strategy with growing individual leaders and leadership capabilities for the organization," says Spatola.

Selective uses scenarios in their leadership development curriculum. To keep the program aligned with their business strategies, they update their coaching and feedback module with new scenarios that incorporate immediate business issues. "When they return to work, they can work on something relevant right away," says Spatola.

Murphy says that, at Deloitte, they see developing leadership skills as a "strategic arm" of their business. When developing their top leaders' competencies, they do it within the context of actual business strategies, not as workshop exercises. "At Deloitte, when these leaders return to work, they are ready to implement their own business unit strategies and they understand how those strategies fit with firm-wide objectives," says Murphy.

# Choosing a leadership development partner.

An effective leadership development partner understands the organization's culture and overall strategy. The partner should work with the organization to create a leadership development strategy and program that works within the context of that organization's objectives. A good leadership development program uses blended learning techniques that include assessment, seminars, and coaching.

Leadership development is an investment in the organization's success. When choosing an external partner, organizations should be diligent in selecting a firm that has experience and uses qualified consultants. External consultants should have the skills they undertake to develop in others and must offer proven content, which is often delivered in seminars or workshops as a component of the development process.

Reputable leadership development firms have a proven track record of partnership and success. Satisfied clients are often the best reflection of the quality of the firm and its development program.

## **Lee Hecht Harrison: a partner in leadership development.**

Lee Hecht Harrison has been in the leadership development business since 1974, when the company was founded and began offering assessment and coaching services. Since then, we have continued to evolve our leadership development solutions for executives, high potentials and emerging leaders. LHH has been designated by *Leadership Excellence* magazine as one of the top 10 large consulting firms providing leadership development services. We play a unique role for clients as an implementation partner for scalable development solutions incorporating coaching. Through

our Leadership Consulting practice, we provide our own proprietary solutions and act as an integrator, bringing best practice leadership solutions from multiple alliance partners to meet an organization's unique requirements.

The cornerstone of LHH's Leadership Consulting efforts is twofold: its executive coaching strength and its **Leaders at all Levels™** program.

The **Leaders at all Levels™** program includes:

- 360° assessment
- High impact learning goals
- Reading and study assignments
- Action learning teams
- Business acumen development
- Fast feedback surveys
- Coaching skills development and coaching circles
- Senior leadership participation
- Evaluation and measurement

## **The new rules of leadership development.**

Leaders today face unprecedented challenges from globalization, shifting demographics, productivity pressures, and other factors. This dynamic environment makes it imperative that effective leadership development programs reflect changes in the workplace and the workforce. Because of the complex demands leaders face today, organizations can no longer focus on a few leaders at the top. To meet the challenges of these shifting environments, now more than ever, organizations of all sizes are compelled to invest in an approach that develops leaders at all levels.

**To learn more about Lee Hecht Harrison or Leaders at all Levels™, visit [LHH.com](http://LHH.com) or call 800.611.4LHH.**

### **About Lee Hecht Harrison**

Lee Hecht Harrison offers talent management solutions throughout the entire employee life cycle to help companies and individuals maximize performance and achieve success. Established in 1974, Lee Hecht Harrison is a global talent management solutions company with over 240 offices worldwide providing expertise in Career Transition, Leadership Consulting and Workforce Solutions.

Lee Hecht Harrison is a part of Adecco Group, the world leader in workforce solutions with over 6,600 offices in over 70 countries and territories around the world. For more information, please visit [LHH.com](http://LHH.com).

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