

UNLOCKING THE PROMISE OF LEADERSHIP DEVELOPMENT

BY BH TAN

The key to sustainability and effectiveness of leadership development is to intertwine it with organisation learning

References

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Each year corporations and public organisations invest heavily in leadership development programs to enhance the capabilities of their leaders and to nurture new managers. Bersin & Associates, in its recently released 2014 Corporate Learning Factbook, has estimated that corporate training grew to US\$ 70 billion in 2013 in the US and to over US\$ 130 billion worldwide.

While a sizeable portion of this expenditure is devoted to technical training (eg for engineers in the oil, gas, and other industries), the biggest spending is in management and leadership. Complexity is now acknowledged as the defining feature of the business environment in the 21st century. To stay agile, prepare for disruptive technological changes and macro-economic uncertainties, and exploit growth opportunities in Asia and elsewhere, senior leaders have identified leadership development as the top priority.

Yet, numerous conversations with companies around the world have revealed that the promise of leadership development has remained largely unfulfilled. A poll by Ashridge Business School in the UK in 2009, showed that only seven percent of senior managers think their companies have been able to develop global leaders effectively. A *McKinsey Quarterly* article (June 2012) reflected a similar concern among US companies. In Asia, many organisations face a dire shortage of executives who are ready for global responsibilities.

I would like to share an observation that leadership development effort, despite all the good intention and determination, cannot gain traction as a stand-alone intervention. To produce future-ready leaders, participants, their bosses, top management and indeed, the organisation and its culture, need to evolve in tandem.

Typical scenarios

Scenario 1:

In one large international technology company, high-potential employees are sent to well-structured leadership

development programs that have been road-tested in the European headquarters and rolled-out globally. After many runs over five years, involving hundreds of new and middle managers, a disturbing trend stands out: a huge proportion of participants are leaving the company within two years of completing the programs. Yet not all is lost. There are others who stay on and move on to higher responsibilities.

In this scenario, participants who benefitted most from the leadership programs, and who contributed back to the company were those who found opportunities at the workplace to test out their new ways of thinking and leading. Having supportive bosses who were willing to create space for people to experiment and take risks was a key factor. Such bosses became role models, inspiring participants to stay on and add value to the company. In contrast, when HR business partners spoke to participants who decided to quit, they found that the push factor was immediate bosses who were indifferent, struggling to keep their heads above water and too insecure to contemplate changes.

Scenario 2:

A new CEO had recently been appointed to helm a venerable retail bank which had been under-performing in the last few years. The board of directors had been keeping tab on the career trajectory of this relatively young leader who joined the bank only five years earlier. They were impressed by his track record of success as head of his division as well as the fresh thinking and optimism that he brought to people around him.

The new CEO had his work cut out for him. He was to chart a new course and turn the business around within two years. And he knew that building new leadership competencies in his employees would be a key pillar in the overall strategy. Thus, his Chief Human Resources Officer lost no time in selecting a well-known international consultancy firm to roll-out an intensive

multi-module leadership development program for junior management. The plan was to do the same for senior management a year later.

Participants who attended the program were imbued with new ideas and concepts that they were keen to implement at the workplace. However, their leadership journey back at the office was met with passivity and resistance.

In this scenario, too much was happening too fast. The result was companywide frenzy, an endless stream of big initiatives and loss of sense of focus starting from the very top of the company. When junior managers returned highly energised from their leadership programs, they found their senior managers too preoccupied with more strategic matters. The mismatch in priorities led to a sense of alienation between lower and upper management.

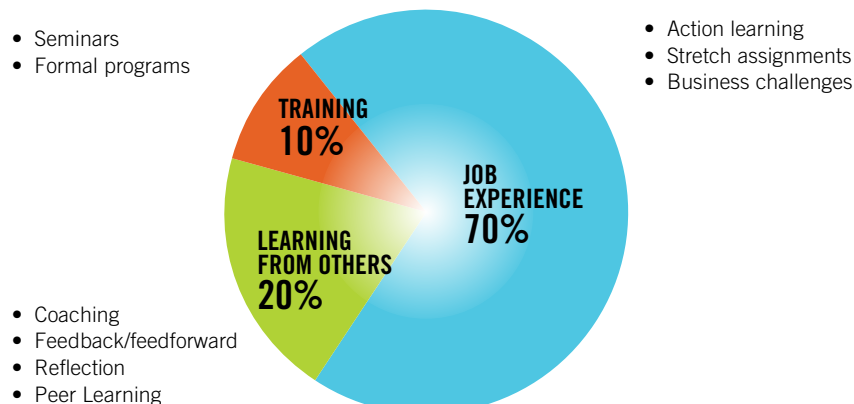
Scenario 3:

A few years ago, a fast-expanding US consumer products company set its sight on Asia. Its top management realised quickly that in order to be a successful global company, it had to adapt its services and products, and indeed its culture, mindset and business practices to the regions it was operating in.

Power and decision-making authority had always been vested in its headquarters in the USA. For years now, employees in all parts of the world had come to accept the US-centric culture and power dynamics as a reality that would not change. Think global, act local used to be just a catchy slogan. Now under the visionary CEO and his executive team it was to become a credo.

To signal that this shift was for real, the CEO, his leadership team members and other senior leaders committed to seeking feedback and suggestions from employees at their dialogue sessions around the world. In particular, they knew that participants who attended the leadership development programs organised by the leadership academy must be enlisted as change agents. And

A SELF-REGENERATIVE SPIRAL OF INDIVIDUAL AND CORPORATE LEARNING



hence senior leaders would take turns to be at the capstone ceremony at the closure for all leadership programs to listen attentively and seek new insights. And in a transparent and thoughtful manner, senior leaders distilled and evaluated key themes that had emerged. Many good ideas were acknowledged and implemented. Over time, employees began to notice changes for the better. A palpable sense of optimism, entrepreneurship and creativity became manifest. The company was gradually transforming into a global company with hubs in the North America, South America, Europe and Asia.

In this scenario leadership development was done in the context of the new strategic directions of the company. Top management defined the desired outcomes of leadership development as two-fold: equipping people with new capabilities in the rapidly globalising environment, and transforming the corporate culture and business processes at the same time.

The 70-20-10 Leadership Development Model

People become more effective as leaders not by being taught in a classroom setting but by tackling tough challenges at work and life. Winston Churchill once said, *'Personally, I'm always ready to learn, although I don't always like to be*

taught.' This is depicted by the 70-20-10 principle in the above graph.

A Self-Regenerative Spiral of Individual and Corporate Learning

When a new species of plant is first introduced into a rainforest, it has to do adapt itself to the new environment that it finds itself in. That itself is a tough act to muster. But therein lies the seed of resilience for the sapling. The ability and will to survive is thus a necessary condition. However, for the new transplant to sprout and flourish, the ecosystem must at least be hospitable.

Similarly for leadership development programs, with no linkage to the corporate context and overall vision, it will be akin to exposing students to a liberal arts education. They will invariably return home charged with exciting and innovative ideas, but to what end? These are change agents that can help reinvent their companies for the turbulent era of globalisation, but only if their environment is hospitable.

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