

Developing Leaders

Now is the time to invest in your talent

By Mark O'Donnell



A recent report by Deloitte shows that leadership development programmes are viewed as a critical success factor for organisations.

You might think leadership development should not be the top priority for businesses amidst all the challenges that currently abound but a recent survey carried out by Deloitte Ireland found that the development of effective leaders who can execute an organisation's strategy and increase the performance of those around them is a key differentiator in today's marketplace. In fact, 77% of respondents to Deloitte's *Developing Leaders in Ireland* survey believe that leadership development is a very important factor in the success of their organisation.

The rationale for this seems logical – those people that the organisation invests in and develops will help lead it through these difficult times. It is widely accepted that to succeed in today's business environment, generic business strategies and sophisticated technology solutions are no longer the sustainable sources of competitive advantage they once were. Changing workforce demographics and the increasing complexity of work in general make it harder to find good leaders who can take on responsibility for significant initiatives. Furthermore the cost of buying people in and the challenges associated with integrating them are forcing organisations to invest earlier in the attraction and development of emerging leaders, in order to ensure a healthy supply of managers capable of taking on senior roles.

For this reason, the development of effective leaders who can execute an

organisation's strategy is now of increased importance. This applies both to private sector firms with more of a bottom line focus, and to public and non-profit sector organisations that operate in an environment where expectations are high. In a recent global survey on people and business challenges conducted by Deloitte Touche Tohmatsu and the Economist Intelligence Unit all executives viewed leadership development as a top priority, rating it far more critical than traditional HR issues such as compensation, benefits and HR operational efficiency.

The results of the survey show that some companies are making huge strides to try and develop, grow and nurture present and future leaders among their staff, while others are only just setting out on this journey. The findings show that many Irish organisations have the basic building blocks in place for the development of leaders such as one to one coaching and performance management / goal setting. A few organisations have evolved to a more sophisticated approach which combines a range of activities into a well coordinated and mutually reinforcing leadership development agenda.

Critical Success Factors

The research reveals some common traits of successful leadership development programmes. It is clear that an effective leadership development strategy embraces all

aspects of an organisation's activities and encourages the development of leaders at all employee levels.

The core elements of best practice leadership development are:

- ▶ HR Managers with responsibility for leadership development have a clear understanding of their organisation's strategy and are skilled at linking leadership development activities with the business strategy.
- ▶ Leadership development activities have clearly-stated, measurable objectives that are systematically reviewed to assess programme effectiveness and return on investment.
- ▶ Investments in leadership development activities are made on a sustainable basis with at least a three year time frame, and the activities which are implemented match the overall strategic direction of the business.
- ▶ Senior business leaders and managers play an active role in the leadership development process, providing on the job guidance as well as coaching / mentoring and classroom training activities.

Two-thirds of firms surveyed have a clear strategy for leadership development - they know why they are carrying out these programmes and what they are trying to achieve. The top four reasons firms for investing in leadership development include:

- ▶ Organisational change and restructuring
- ▶ Insufficient leadership capability and bench strength
- ▶ New areas of business and / or growth
- ▶ Changing business strategy

The survey shows the breakdown of those targeted for leadership development programmes as follows:

- ▶ Senior management (64%)
- ▶ Middle management (61%)
- ▶ Executive management (49%)
- ▶ Front Line management (41%)

Developing effective programmes

Any learning and development programme that requires investment will need to demonstrate its effectiveness and value for money – and never more so than now. Therefore it may be surprising that when it comes to the specific nature of leadership development activities, it appears that there is a mismatch between the most common methods and the most effective ones. One to one mentoring with a senior business leader, stretch assignments and performance management are considered to be the most effective methods of leadership development, however these are not always the most commonly used initiatives. On the other hand external open courses and classroom training are two of the most popular methods, but do not register at all in the top five most effective methods. These top five most effective measures are:

- ▶ One to one mentoring relationship with senior business leader
- ▶ Stretch assignments / developmental roles
- ▶ Performance management process, goal setting
- ▶ One to one coaching with leadership specialist
- ▶ One to one coaching with line manager

A common rule of thumb for best practice leadership development is the 70:20:10 ratio:

- ▶ 70% of development takes place through on the job experience
- ▶ 20% takes place through meaningful one to one conversations i.e. mentoring, coaching, and performance management.

- ▶ 10% takes place through classroom training, reading, seminars etc.

The survey confirms that the methods considered most effective fit firmly in the 70% on the job category and the 20% meaningful one-to-one conversations category.

Organisations with the most mature and sophisticated leadership development approaches tend to use the more effective methods, and are skilled at integrating the various methods in a way that has real impact. The key is starting with job design which focuses on developing critical competencies, and then making sure effective goal setting and feedback takes place which accelerates the leadership learning process. Coaching is used to facilitate significant transitions such as the first 100 days in a new role or taking on a specific business challenge, whereas mentoring provides longer term guidance and promotes greater loyalty to the organisation. Finally classroom training is used to provide targeted, relevant content and an opportunity for leaders to learn from and network with each other.

Collaboration is key

As mentioned, it is vital to the success of leadership development programmes that senior business leaders and managers play an active role in the process. Despite this, only 27% of respondents believe that they are in fact heavily involved in supporting leadership development activities within their organisation.

Similarly, HR must be integrated into the overall strategy planning of the organisation to develop programmes that meet the needs of the business – however our survey shows that just over a third of HR managers responsible for leadership development have an excellent understanding of their organisation's strategy.

It is important to realise is that collaboration between the two is paramount – only by working together will organisations develop effective leaders who will be critical in meeting the challenges ahead.

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