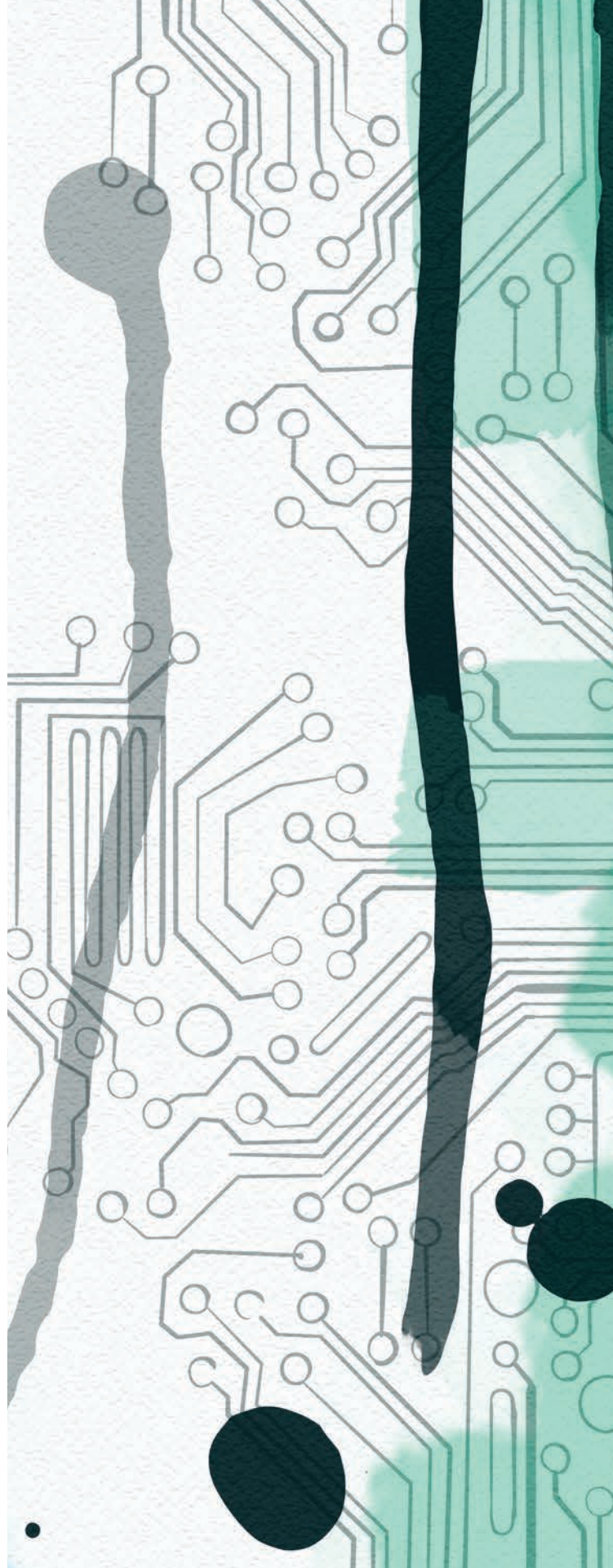


Stemming leadership leakage

WHEN IT COMES to developing talent in the digital age, companies often think of junior staff and younger employees. But what about the digital development needs of employees higher in the ranks, those likely to be in senior leadership roles in the not-too-distant future? Our multiyear global study of digital transformation with MIT *Sloan Management Review* finds employees at vice president (VP) and director levels have a striking willingness to leave an organization if they don't receive opportunities to develop in a digital environment. In fact, more than 15 times as many VP-level leaders told us they plan to leave their company within a year if they don't receive sufficient development opportunities, compared with peers who do.

To be clear, providing development opportunities at all levels can be critically important, and our study has for the past two years found employees at all levels are more likely to leave if they don't



have opportunities to develop their digital skills. Yet organizations should be alarmed by the greater willingness of some current and up-and-coming leaders to walk away: These are employees who likely have been groomed to succeed senior leaders. Their departure could be costly, not only with regard to losing their knowledge and skills, but the sunk costs of time and money spent developing them and the additional cost of recruiting and training replacements.

So what can organizations do? One way to stem potential leadership leakage may be to focus primarily on external recruiting, but that's often time-consuming and expensive. We found digitally maturing organizations typically offer more cost-effective strategies. Their approach to getting the right talent is often to develop and train existing employees—but it's usually not just about offering classroom and virtual training courses. Most of these companies seek to create an environment where employees are eager to continuously learn and grow—and the organization supports, feeds, and encourages that culture of learning. What's often needed is a multifaceted approach that includes opportunities provided directly (such as challenging roles and project assignments), as well as support for and encouragement of individually driven and/or externally led growth opportunities. These external programs could range from formal education to participation in digital platforms and communities to share ideas and gain new skills and experiences.

Finally, don't focus only on hard, technical skills. Developing in a digital environment typically also requires softer skills, particularly for leaders. Our research indicates the skills leaders most need to be effective are having a transformative vision, being forward-looking, being change-oriented, and having an understanding of technology and its impact on the business. These are nontechnical skills, and focusing on providing opportunities to develop them and build stronger digital skills is important to combating potential talent leakage. That can ultimately strengthen your organization's leadership pipeline. ●

Employees are more likely to leave if they do not have the opportunities to develop digital skills.



Likelihood of leaving within one year at companies that do not provide opportunities to develop in a digital environment, compared with companies that do.

For the full results of our third annual *MIT Sloan Management Review* and Deloitte study of digital business, read *Achieving digital maturity* on deloitte.com/insights.

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