

Business Roundtable
Institute for Corporate Ethics

**Developing Leaders
for the Next Generation**

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Featuring a *Thought Leader Commentary™*
with Frances Hesselbein, President and CEO,
Leader to Leader Institute

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FOREWORD

The Business Roundtable Institute for Corporate Ethics is an independent entity established in partnership with Business Roundtable—an association of chief executive officers of leading corporations with more than \$6 trillion in annual revenues and nearly 12 million employees—and leading academics from America’s best business schools. The Institute brings together leaders from business and academia to fulfill its mission to renew and enhance the link between ethical behavior and business practice through executive education programs, practitioner-focused research, and outreach.

Institute Bridge Papers™ put the best thinking of academic and business leaders into the hands of practicing managers. Bridge Papers™ convey concepts from leading edge academic research in the field of business ethics in a format that today’s managers can integrate into their daily business decision making.

Developing Leaders for the Next Generation is an Institute Bridge Paper™ based on the research of Antony Bell, President and CEO of LeaderDevelopment Inc. (LDI), and author of *Great Leadership—What It Is and What It Takes in a Complex World* and *The Clock Tower*. Bell’s research provides a framework that enables leaders to understand, exercise, and teach great leadership to others.

The accompanying *Thought Leader Commentary*™ with Frances Hesselbein, President and CEO, Leader to Leader Institute, provides insight into the strong leadership principles necessary for developing effective leaders at all levels. This piece encourages leaders to ask questions and develop strategies that will promote quality leadership development for years to come.

INTRODUCTION

Being the CEO of a publicly traded company is one of the most demanding jobs in the world. Many leaders face internal and external pressures that may make them wonder whether the destination is worth the journey. As one CEO of a publicly traded company confided to the *Economist*, “I spend my life advising friends of mine not to become chief executives of quoted companies, and by and large they take my advice.”

This wasn't always so. There was a time when the pressures were less intense; investors and analysts were more long-term oriented; and markets were more predictable.

Companies that prosper long-term will do so because of the effectiveness of their leadership....

But times have changed, and many companies today face two fundamental challenges that feed off each other: 1) a growing shortage of willing and qualified leaders and 2) an increasingly complex corporate environment that would be taxing even without a leader shortage.

This paper explores the leader shortage and the complex corporate and economic environment surrounding it. It examines survey research that identifies some pressing concerns preoccupying leaders today, and then recommends an alternative list of concerns that focus on having the right kind of leadership in place as an essential advantage for any company competing in a turbulent marketplace.

Companies that prosper long-term

will do so because of the effectiveness of their leadership and the ability to use their leadership advantage to not just withstand periods of turmoil but to establish greater market strength.

THE GROWING SHORTAGE OF CORPORATE LEADERS

It's getting harder to keep good leaders. The turnover of key people has dramatically increased, and while the global financial crisis has slowed this trend, it has not reversed it. Some mid-level managers may defer retirement because they are now less financially equipped for it; however, at higher management levels these financial considerations generally become less significant. Additionally, some organizations may replace senior managers to achieve short-term cost savings. Senior managers may face *forced* retirement rather than *voluntary* separation. Thus, the inexorable squeeze on the supply of qualified leaders continues, and organizations are still faced with the potentially crippling shortage of leaders.

Corporations, however, are not unaware of these pending shortages. A Corporate Executive Board survey revealed that 75% of the senior HR managers surveyed believed that “attracting and retaining talent was their number-one priority.”¹ Sixty-two percent of them worried about the talent shortages within their organization. A McKinsey study of over 6000 executives in 77 companies came to the same conclusion: “What we found should be a call to arms for corporate America. Companies are about to be engaged in a war for senior executive talent that will remain a defining characteristic of their competitive landscape for decades to

come.”² The *Financial Times* at one point compared it to a military struggle, where “the war for talent appears to be spiraling into an arms race.”³

Leadership development is a CEO and senior executive-level responsibility. When senior executives don’t take ownership for developing leaders, the lack of leadership development will usually at some point—and it may be after their tenure—translate into mediocre or negative performance. Conversely, many of the most influential CEOs are remembered for the strong legacy they left in leadership development.

FOUR FORCES BEHIND THE LEADER SHORTAGE

Much as unexpected weather conditions converge to create the “perfect” storm, the current business leader shortage is impacted by the convergence of several powerful elements that feed off and exacerbate each other: the demographics of an aging population; the impact of global competition and global interdependence; the complexity of corporate structures and interchanges; and changes in the social concept of work.

1. The demographics of an aging population

Warning signals have been sounded for some time. In 2000, Arlene Dohm, Office of Employment Projections for the Bureau of Labor Statistics, warned that “[a]s aging baby-boomers begin retiring, the effects on the overall US economy and on certain occupations and industries will be substantial, creating a need for younger workers to fill the vacated jobs, many of which require relatively high levels of skill.”⁴ The deeper impact of the issue, as Tamara Erickson of the Concours Institute points out, is that the “baby boom generation is so large that

boomers hold not only most of the senior leadership roles in companies today but also many of the positions two, three, four levels down.”⁵

The two decades between World War I and World War II—the 1920s and 1930s—were in many ways very different from the two decades ahead of us—the 2010s and the 2020s. But they share one important similarity: being straddled with a shortage of leaders. Just as the ravages of World War I left a huge vacuum from the loss of a whole generation of leaders, so the departure of the heavily bloated demographic segment of baby boomers will also leave behind its own leadership vacuum over the next two decades. This does not mean that we will relive the twenties and thirties of the past century, but it does highlight the fact that there will be fewer leaders around to address the challenges of the next two decades.

2. Global competition and global interdependence

Today’s worldwide economy has created both a marketplace and workforce that must interact globally. The United States and Europe are not the only regions experiencing a talent shortage. With many Asian economies still expanding, the competition for talent has gone global.

Consider this example. In 2003, McKinsey Global Institute estimated that China had a need for at least 2.7 million managers, but in 2000, only 35,000 students were enrolled in domestic MBA programs. The number of MBAs has significantly increased since 2000, but so has the estimated need. It is thus not surprising that in one of McKinsey’s 2010 Global Surveys, 28% of China’s executives identified recruiting management talent as one of their most difficult challenges (versus 13% for India, still a significant number).⁶ Since China is one of the few economies that weathered well the

financial and economic turmoil of the past two years, its thirst for management talent has become only more acute. The net takeaway is that all companies not only compete domestically for talent, but they now also compete globally for it.

3. The complexity of corporate structures and interchanges

The increasing complexity of corporate structures means that valuations have become more nebulous. Over the past 25 years, corporate intangible assets have increased more rapidly than tangible assets. Baruch Lev, an accounting professor at NYU, suggests that intangible assets (patents, skilled workforce, proprietary processes, etc.) account for more than half of US public companies' market capitalization.⁷ Accenture estimates that the intangible assets of S&P 500 companies have increased from 20% in 1980 to around 70% today.⁸

These complex structures mean that job roles and functions have also become more complex and fluid. According to McKinsey, the number of jobs requiring complex interactions with a high capacity to make sound judgment has increased two and a half times faster than jobs that can be relatively easily scripted or automated.⁹

One impact of this increased corporate complexity is that the demands on senior executives have changed. Today their responsibilities span not just employees with very different skill sets but also employees with very different functions located around the globe. Competition for people with the flexibility to handle this kind of heightened diversity and capacity has sharply increased.

4. Changes in the social concept of work

Many CEOs today are baby boomers. They grew up in an era in which there was generally a stronger sense of corporate

loyalty than is prevalent today. Harris Interactive's "Working in America: What Employees Want" survey predicted in 2006 that "employee retention will become a key strategic issue... The Baby Boomer exodus, coupled with the anticipated labor shortage, will elevate the issue of employee retention to the boardroom. The balance of power is shifting from the employer to the employee and organizations must not ignore this changing dynamic."¹⁰ The same survey found that 74% of respondents were actively or passively looking for a new job.

THE IMPACT OF THESE FORCES ON CORPORATE LEADERSHIP

The forces driving this shortage of leaders are the same forces creating an immensely complex environment for exercising leadership, which in turn makes it harder to address the shortage. The corporate environment is more complex on every count—expectations, scope, structures, and scrutiny.

Expectations for leadership have never been so high. With a population increasingly engaged as stockholders in American companies, these expectations are no longer limited to institutional investors and market analysts. Such high expectations, fueled by the extraordinary economic growth which began in the 1980s and accelerated in the 1990s, were recognized as unsustainable, and it took a near economic meltdown to inject some realism into these expectations. The same high expectations are still there; however, previously the expectation was to deliver above average annual stock returns; now it's to recapture lost market value.

At the same time, the scope of leaders'

activities has broadened. Geographically, many organizations operate in multiple countries and markets, providing an array of products. But scope is more than geographic, and in terms of the span of control, it has never been so stretched. In the late 1980s and early 1990s, one of the sea changes was a shift in the composition of downsizings.

...with the continual erosion of middle management over the past 20 years, more and more people today are reporting to fewer and fewer leaders.

Corporate downsizings significantly targeted middle management, and with the continual erosion of middle management over the past 20 years, more and more people today are reporting to fewer and fewer leaders.

This in itself would be manageable if organizational structures were more static. They are, however, anything but static, with a corporate seascape of shifting currents driven by strong and powerful global trends and sometimes quixotic corporate responses to those trends. The result is organizations comprised of immense structural complexity. Globalization has much to do with it, and so does size. By 2009, the 50 largest global companies each had over 250,000 employees.¹¹ Such corporate growth has been fuelled in large part by numerous acquisitions. While the appetite for acquisitions has abated some over the past few years, experts foresee this trend regaining momentum in the years ahead.

Furthermore, leaders have to contend with all the changes that come from living in an age of unprecedented growth in technology. A widely circulating

YouTube video claims that technological information is currently doubling every 72 hours.¹² Although it may be difficult to precisely substantiate this assertion, there is wide agreement on the rapid growth and impact of technology. Such technological velocity will only heighten the complexity in which companies and their leaders operate and create value.

THE REAL NATURE OF THE PROBLEM – A SHORTAGE OF LEADERSHIP DEVELOPMENT

It is tempting to view current leadership challenges in terms of all the compelling reasons included here and conclude that there's not much that can be done in the face of this "perfect storm." But that would be a mistake. As many of the best companies illustrate, ensuring the quality of leadership and the commitment to leadership development is a CEO responsibility. It requires a senior leadership response. Plenty of functions can and should be delegated, but leadership development is not one of them—particularly in such a dynamic environment.

The statistics and data reinforce this conclusion. They lead us to see that a renewed focus on leadership development is critical for leaders who are focused on creating long-term value by building companies that will not only survive but thrive in this challenging environment.

This commitment to leadership development requires intentionality—in other words, it has to be planned, purpose-driven, and personalized. *Planned* because developing leaders does not just happen. To assume that leadership development is an automatic process is to build a company's future on shifting sand.

Leadership development must also be *purpose-driven* because it has to reinforce the purpose and direction of the organization. Senior leaders are best placed to both define that direction and ensure other leaders are being developed in pursuit of that direction.

Finally, development must also be *personalized* because leadership is a skill that is best learned one-on-one. Leaders build other leaders one at a time, personally and strategically investing in the individual development of the organization's future leaders. A classroom or training program can reinforce this individual investment but by itself doesn't produce great leaders. Great leaders are made when corporate leaders intentionally seek to make them.

Great leadership takes root in an organization when it comes from senior leadership, and to come from senior leadership it must be owned by the CEO and the senior leadership. Noel Tichy argues in *The Leadership Engine*, "The ultimate test of a leader is not whether he or she makes smart decisions and takes decisive action, but whether he or she teaches others to be leaders and builds an organization that can sustain its success even when he or she is not around. The key ability of winning organizations and winning leaders is creating leaders."¹³

A LEADERSHIP-FOCUSED FRAMEWORK

This is a time of immense pressure for corporate leaders who operate in an increasingly complex environment. As surveys indicate, the critical nature of leadership development can get lost in the tempest of other pressing concerns. In summer 2008, *CFO Magazine* compiled the results of surveys conducted by the Conference Board, the National Association of Corporate Directors, and the Center for Board Leadership, identifying the five top concerns of boards and the five top concerns of CEOs, which are listed in **Figure 1**.¹⁴

While leadership development is not explicitly mentioned, it is highly relevant to every item on both lists. Directors and CEOs would take it as a given that effectively addressing these issues requires having the right kind of leaders in place, and that exercising the right kind of leadership throughout the organization would have a positive impact on each one. But great leaders in the marketplace take it a step further. More than just intuitively recognizing the crucial role of leadership development in meeting short-term goals and creating long-term value, great leaders add the missing piece: a leadership framework that shapes the way organizations view these challenges.

Top Five Board Concerns	Top Five CEO Concerns
<ul style="list-style-type: none"> • Strategic planning and oversight • Corporate performance and valuation • CEO succession • Board leadership • Financial oversight and internal controls 	<ul style="list-style-type: none"> • Improving sustained and steady top-line growth • Excellence in execution • Consistent execution of strategy by top management • Profit growth • Customer loyalty and retention

Figure 1. Top five concerns of boards and CEOs - summer 2008. (Source: *CFO Magazine*)

This framework allows leaders to establish leadership development as a more deliberate and strategic aspect of how the company operates and plans for both the short term and the long term. By establishing an intentional approach to leadership development, the senior leadership defines the fate of the organization. In fact, one of the most important axioms is this: the most significant thing about an organization is what comes about in the minds of its leaders. Leadership development shapes what goes on in corporate leaders' minds, and to do that shaping, leaders focus on the five areas listed in **Figure 2**.

1. Leadership quality: making sure great leadership is exercised throughout the organization

Viewing one's decisions from this leadership-focused framework may require a mindset shift for some executives. After all, they may tend to attribute their personal success to various combinations of strong talent, conspicuous success, broad experience, unquenchable ambition, timely guidance, and a solid dose of good fortune. Leadership development is a long-term process that we often experience unconsciously. While that intuitive and often opportunistic career path may have served many executives well, it doesn't necessarily lend

itself to a systematic duplication that spreads the practice of great leadership. Furthermore, great leadership is complex, and a clear framework helps makes sense of that complexity. It helps define how executives want to see great leadership exercised in their organizations.

What does a "framework" mean? A framework is not a program or a course; it's not even a methodology. It's a way of looking at leadership that combines in a coherent pattern different strands that, woven together, make up the fabric of great leadership. At its most basic level, the framework starts with defining leadership in terms of character and competence—two indispensable, fundamental, and core elements.

Great leaders define what they mean by character: they live by it; they articulate it; and they expect those who work with them to live by it. We know this intuitively, but we also know it empirically. Rob Lebow's analysis of 17 million surveyed workers in over 40 countries (surveys he didn't conduct but analyzed) highlighted the importance of character in leadership as the foundation for both corporate and individual performance. The values he identified from the surveys have a strong character feel to them: "truthfulness shared without compromise; trust lavished on everyone; giving credit where it is due; honesty and ethics in all

Leaders Shaping Leaders	
1. Leadership Quality:	<i>Making sure that great leadership is exercised throughout the organization</i>
2. Leadership Development:	<i>Developing leaders internally and creating bench strength</i>
3. Strategic Thinking:	<i>Providing long-term direction that shapes short-term execution</i>
4. Culture Alignment:	<i>Providing the most favorable context for direction and execution</i>
5. Communication Strategy:	<i>Creating buy-in at every level</i>

Figure 2. Five focus areas for *Leaders Shaping Leaders*.

matters; and selflessness that requires putting others first.” Several of these values combine both character and competence. In the value he identified as “mentoring shared unselfishly in all directions,” mentoring is the competence part, and “shared unselfishly in all directions” is the character part.¹⁵

There is limited research that identifies a healthy balance between character and competence. Kouzes’ and Posner’s research intuitively, though not explicitly, reflects this balance. The five practices of leaders that they uncovered split pretty evenly between character and competence, although they don’t use those terms. Two are more competence issues (“Challenging the Process” and “Inspiring a Shared Vision”), and two are more character issues (“Modeling the Way” and “Encouraging the Heart”). The one in the middle straddles both (“Enabling Others to Act”). It speaks of trust, which is about character, and it speaks of giving power away and assigning critical tasks, which is about competence.¹⁶

Competence is defined by the ability to excel in the three key dimensions of leadership: 1) the organization as a whole, 2) the operations within the organization, and 3) the people that work within the organization. Each of these three dimensions requires a different skill set. The leadership skills required to lead the organization as a whole are different from the leadership skills needed to lead the operations within the organization, and both are different from the leadership skills required to bring out the best in the people they lead. At different leadership levels the mix is different, and with a clear framework, an executive leader and her team will know which ones need strengthening in the organization.

2. Leadership development: developing leaders internally and creating bench strength

A development framework is critical because it gives structure and coherence to the next step, which is building intentionality into leadership development within the organization. The best leaders intentionally seek to continually develop their direct reports, however talented and experienced, so that the senior leaders initiate a chain-reaction rippling throughout the organization.

The leadership skills required to lead the organization as a whole are different from the leadership skills needed to lead the operations within the organization. . .

The best leaders we see in the marketplace are those who exhibit high levels of self-awareness, which is usually the product of an intentional internal commitment to leadership development. The leaders in these organizations know their strengths and weaknesses; furthermore, they know the inner drives that shape the philosophy of their leadership. Most importantly, they are very open to feedback regarding their leadership and are committed to creating an environment where feedback can be safely given and gratefully received. Early on, such leaders realize that at the heart of strong, ethical, competent leadership is a deep self-awareness that comes through feedback.

If feedback is strong and healthy, it’s because leadership development is valued and promoted. The importance of an intentional commitment to leadership

development was powerfully reinforced by two pieces of research conducted by the Gallup Organization, concluded shortly before the end of the 1990s. The first focused on employees, involved over a million participants, and asked, “What do the most talented employees need from their workplace?”¹⁷ The most significant discovery was that “talented employees need great managers.” This discovery initiated the second research piece: “How do the world’s greatest managers find, focus, and keep talented employees?”¹⁸ This second research inquiry involved 80,000 managers in over 400 companies, and the results were recorded in Buckingham and Coffman’s book *First, Break All the Rules*. The results were not surprising: the best leaders in the workplace, those that retained and developed the best talent and developed the best leaders, not only knew how to select the right people, but were also very intentional and deliberate in the ways that they developed them. They created bench strength.¹⁹

Great leaders continually ask themselves the following questions:

- *Is leadership development embedded into the organization’s DNA?*
- *What do I need to do to embed it even more?*
- *Am I modeling the kind of leadership I’d like to see throughout the organization?*
- *Are we clear on the framework?*

- *Are we bringing out the best in the people who report to us?*
- *Are we creating bench strength in our leaders?*
- *Who will lead when we are gone?*

Leaders who focus on these questions discover that many other pressing issues—both short-term and long-term—in large measure take care of themselves.

3. Strategic thinking: providing long-term direction that shapes short-term execution

CEOs and executive leaders will, of course, need to pay attention to the company’s long-term direction. The earlier list of leading board concerns contains an interesting gray area where the demarcation between board and executive responsibility is often blurred: strategic planning and oversight. Generally, strategic planning belongs to the management team and oversight to the board. Wherever that line is drawn, the reality is that if the leadership team clearly defines the purpose, vision, and values of the organization, strategic planning becomes self evident. The steps to pursuing the purpose, fulfilling the vision, and living by the values become obvious.

Vision, therefore, is incredibly powerful. A Harvard study conducted by John Kotter and Jim Heskett, tracking 207 companies in 11 industries over 11 years, found a significant difference between vision-led and nonvision-led companies,

	Vision-led Companies	Non vision-led Companies
1. Increased Revenue	682%	166%
2. Expanded Workforce	282%	36%
3. Growth of Share Price	901%	74%
4. Improved Net Income	756%	1%

Table 1. Vision-led versus nonvision-led companies. (Source: *Corporate Culture and Performance*.)

with dramatic differences in four key measurements, as illustrated in **Table 1**.²⁰

The data is striking—on every count, the difference between organizations with a clear vision and those without such vision is impressive. Increased revenue is four times greater; expanded workforce is eight times greater; increased share price is 12 times greater; and improved net income is downright staggering at 756 times greater. If there is one compelling piece of research to push companies and their leaders from focusing on the next quarter, this is it—to improve short-term execution, you must build a long-term vision.

4. Culture alignment: providing the most favorable context for direction/execution

Providing long-term direction that shapes short-term execution is one thing; aligning the organization and its culture to this long-term vision and direction is more difficult. Great chief executives focus their thoughts on how the culture impedes or stimulates the pursuit of the company's direction; their goal is to solicit a widespread commitment to the organization's direction not because of the strength of the leader's personality, but because of the strength of the culture reinforcing that commitment. As Edgar Schein, PhD and Sloan Fellows Professor of Management Emeritus, put it, "The unique and essential function of leadership is the manipulation of culture."²¹ Or as Lou Gerstner said in his post-IBM reflections, "I came to see, in my time at IBM, that culture isn't just one aspect of the game—it *is* the game."²²

Anecdotal testimonials are compelling, but so is the research. Most people have been exposed to Jim Collins' and Jerry Porras' research described in *Built to Last*. This rigorous research was driven by the quest to uncover what differentiates

companies that have not only survived but thrived over a long period of time, surviving and thriving not only in good times but also in times of turmoil and uncertainty. They identified 18 such companies (all household names) with an average start-up date of 1897, and studied them from their beginnings as start-up ventures through their growth to medium-sized organizations and on to their success as large companies. In each case, they found a comparison company that started at the same time in the same industry and tracked its relative progressions. One of the key conclusions

Great leaders are committed communicators.

the research revealed was that these "built to last" companies survived and thrived because, in each case, the company was shaped by a very strong set of values that defined the culture and shaped behavior.²³ In Collins' later research published in *Good to Great*, he acknowledged that defining the culture and shaping the behavior was a profoundly significant leadership function (what he described as "Level 5 Leadership").²⁴

Aligning the culture and providing the most favorable context for the company's direction and execution is a critical function of CEO and executive leadership. This is impossible without excellent communication.

5. Communication strategy: creating buy-in at every level

Great leaders are committed communicators. They don't have to be accomplished communicators, but they do have to be committed to communicating. And as committed communicators, they usually become accomplished

communicators. At the heart of their efforts is not just communicating a vision but creating a shared vision—one that generates buy-in at all levels of the organization and one that because of its clarity, shapes decisions and actions that move the organization toward its vision. Leaders who excel in this do so not because they are gifted speakers, but because they are very aware of the different stakeholders critical to the pursuit of the organization's purpose and vision. They understand these stakeholders, their interests and concerns, and this is reflected in how and what they communicate.

WHAT'S AT STAKE?

Much is at stake. For the executives themselves, for the organizations they lead, and on a broader scale, for the quality of leadership exercised in the marketplace over the next two decades, the pay-off is significant and enduring.

Research also shows that many other metrics of performance will also move in a positive direction—whether turnover of key people, cash flow, cost savings, return on investment, return on assets, or other key metrics.

Challenging times call for great leadership. This is such a time. As the poet Edward Young once said, “Affliction is a good man’s shining time.”²⁵ For today’s leaders, not only does their success and satisfaction ride on their response to these challenges, but so will their impact—short-term and long-term. The next generation will most likely judge the legacy of the present slate of leaders by the leaders they develop. Those who own the challenge of leadership development and make it a deliberate mission of their organization will leave a lasting legacy. And it will be lasting not because of bricks and mortar or products and services—it will be lasting because of the investment made in a new generation of leaders who emulate the greatness of the leaders who preceded them.

When leaders concentrate on:

- Leadership quality,
- Leadership development,
- Strategic thinking,
- Culture alignment,
- Communication strategy,



. . . then there is . . .

- A sustained and steady improvement in top-line growth;
- Excellence characterizes execution;
- Top management consistently executes strategy;
- Profitability grows; and
- Customer loyalty and retention are strengthened.

A THOUGHT LEADER COMMENTARY™ with Frances Hesselbein, President and CEO, Leader to Leader Institute

Q: As President and CEO of the Leader to Leader Institute and former CEO of Girl Scouts of the USA for well over a decade, how have you approached planning for the future within the organizations you have led?

Frances Hesselbein: In all four organizations where I have been the President and CEO, the essential first step was appreciating the role and responsibilities of the board and its officers, the role and accountabilities of the CEO and staff, and the power of this essential partnership. The clear and sharp differentiation of governance and management is part of the strength of this team approach to building the organization of the future.

With an effective planning tool in the hands of all volunteers and staff, developing vision, mission, goals and objectives for the organization of the future becomes the great adventure. I recommend using Peter F. Drucker's *The Five Most Important Questions You Will Ever Ask about Your Organization*—and teaching leaders to draw on such questions as: What is our mission? Who is our customer? and What does the customer value?²⁶

Q: This paper outlines many challenges and concerns for leadership development and executive succession planning. How can these challenges be addressed by effective organizational leaders?

Hesselbein: I have a personal belief that the day leaders walk into a new position, they begin thinking—far back in their minds, but it's always there—about how and when they will leave. Leaving well is the last great gift a leader can give to an organization, and leaders plan for that perfect moment.

When I arrived in New York to become the new National Executive Director/CEO

of the Girl Scouts of the USA, I thought I would stay for three years. I was in that position for 13 years, but I planned carefully how and when I would leave. My last year was my most exuberant one of those 13 remarkable years. And one of the most satisfying elements was leaving behind very capable and competent leaders in whom I had made an investment.

Leaving well is the last great gift a leader can give to an organization, and leaders plan for that perfect moment.

Q: It is one thing to tell executives and managers to concentrate on leadership development, strategic thinking, and cultural alignment, but it's another thing for them to maintain that concentration in a disciplined and focused way. What have you found helpful in maintaining that concentration and attention?

Hesselbein: When we, as leaders, begin with the philosophy that ours is a learning organization, and plan and budget for continuing learning opportunities that are in alignment with the vision, mission, and our strategic plan across the organization, then the power of learning is unleashed. If leadership development is part of the focus and the plan for all of our people, then challenge becomes opportunity. A vibrant and effective learning organization is the result.

Q: This paper proposes a set of priorities for developing leaders for the next generation: leadership quality, leadership development, strategic thinking, culture alignment,

and communication strategy. From your experience and observation, what are the benefits of focusing on these priorities and some potential consequences of focusing on the wrong things?

Hesselbein: This paper focuses on the essential priorities that move the organization into the future, so it becomes an organization of the future. Focusing on the wrong things ensures that the organization becomes history—or an organization of the past.

The largest obstacle for leaders developing leaders is usually that the leader forgets one basic lesson: it's not about me, it's about them.

Q: As a life-long student of the practice of leadership, what do you consider the biggest obstacles for leaders developing leaders?

Hesselbein: The largest obstacle for leaders developing leaders is usually that the leader forgets one basic lesson: it's not about me, it's about them. The second greatest obstacle in effective leadership development can be too much focus on the immediate needs of the leader and the organization—on today's needs—not on developing the leaders of the future for the organization of the future.

Q: Who do you consider to be good examples of leaders who intentionally and effectively developed other leaders?

Hesselbein: In my opinion, the following leaders have exemplified these abilities toward developing future leaders:

- Former Chief of Staff, US Army General, and currently Secretary of Veteran's Affairs General Eric K. Shinseki, renowned for his *Be, Know, Do*—Army Training philosophy and his

inspired leadership on the battleground.

- Former CEO of ServiceMaster Bill Pollard, whose mission, “To honor God in all we do, to help people develop, to pursue excellence, and to grow profitability,” he inscribed on the wall of ServiceMaster’s Illinois headquarters.
- Jim Collins, author of *Good to Great*, *Built to Last*, and *How the Mighty Fall*, who has distilled the philosophy and principles that enable leaders to develop leaders and move the organization from “good to great.”
- Max De Pree, when he served as CEO of Herman Miller, explained: “The first responsibility of a leader is to define reality. The last is to say ‘thank you,’ and in between, the leader is a servant and a debtor.”
- Juliette Gordon Low, founder of the Girl Scouts of the USA, who in 1912—a time when a woman could not vote in her own country—told young girls, “Remember you can be anything you want to be—a doctor, a lawyer, a hot air balloonist or an aviatrix.”

Q: Are there any additional concepts that should be considered when developing leaders for the years ahead?

Hesselbein: Along with the five issues identified in this paper, I would add the following from a broader, societal perspective:

1. The lowest level of trust and highest level of cynicism in our own country;
2. The remnants of the old hierarchy and the old hierarchical language that continue to impede the development of flexible, circular, fluid management systems that are the future; and
3. How to move the enterprise into a learning organization that manages for the mission, for innovation, and for diversity—the organization of the future.

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The Growing Shortage of Qualified Leaders in the Workplace

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