

Accelerating Executive

Developing a leadership infrastructure can position companies for future success.



Consolidation has prompted many companies to centralize staff functions, including training and development, to trim overhead. The initial gains of cutting costs have largely been accomplished. However, most companies have not yet capitalized on the significant returns that companywide executive development has to offer.

By Bill Ott and Matt Motherwell

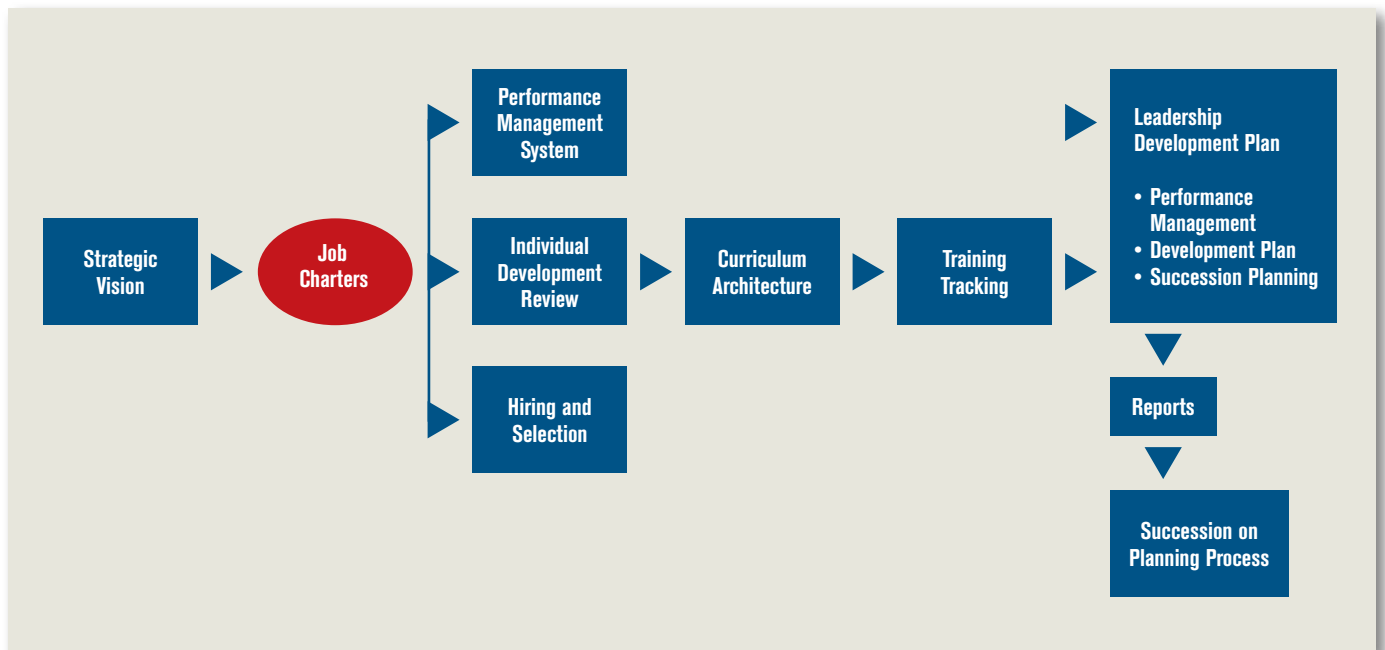
More than ever, return-on-investment is the key driver behind business decision making and resource allocation. By investing in and developing a common leadership infrastructure, organizations can focus their resources strategically and best position themselves for future success.

Implementing a leadership infrastructure will improve the use of human capital as well as prepare employees for increased responsibility. It will also reduce time and costs related to filling open positions and increase employee retention.

The systematic development of leaders, consistent with current and anticipated future requirements of the marketplace and

Leadership Development

Leadership Infrastructure



the organization, can provide a competitive advantage.

Leadership infrastructure

An organization that commits to and invests in leadership infrastructure will maximize executive performance and eventually become the employer of choice for the industry's most skilled employees. At the core of leadership infrastructure are the design and implementation of executive leadership roles and responsibilities that suit the needs of all operating companies and divisions. These roles are the critical

inputs with which HR processes—such as development, succession planning, performance management, and recruitment—are aligned to ensure more effective leadership.

Executives tend to overestimate the skills required to lead successfully. If a company is capable of clearly articulating an integrated strategic vision that includes all operating functions, it is also capable of defining companywide executive roles consistent with this vision. To define clear expectations, many organizations draft job charters—comprehensive documents that clearly describe the role of an executive.

An organization that invests in leadership infrastructure will eventually become the employer of choice.

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Specifically, job charters define

- the strategic relevance of a role or executive-level position across the entire organization, including the expected input into strategy development as well as the execution of strategy
- the key accountabilities of the role in areas such as strategy and planning, leading people, developing processes, managing resources, and modeling collaboration in the organization
- the in-house and external individuals with whom incumbents need to work effectively
- decision-making authority, matched to accountabilities.

Because job charters apply companywide, these documented role expectations represent standardized best practices rather than the idiosyncratic preferences of senior executives and board members.

Individual development reviews

A more meaningful dialogue should occur between leaders and their bosses, resulting in action plans focused on the development needs that are most relevant to the organization's strategic objectives.

For progress evaluations to be effective, employee competency assessments must be objective as opposed to political or idiosyncratic. A great way to ensure objectivity is to define an inventory of specific behaviors applicable to each job charter, and ask supervisors to record the degree to which their reports have exhibited these behaviors.

Executives and potential successors should receive consistent guidance as to what is required for them to attain more senior responsibilities. Armed with a clear snapshot of current employee capabilities, supervisors and their staff can quickly develop a crisp, on-target employee development plan that both parties can commit to. This is not a familiar snapshot at most companies, where everyone agrees that they're too busy to do anything more than enter filler narrative into the development action plan box to satisfy the HR department.

Curriculum architecture

In most organizations, more cost-effective decisions need to be made regarding what training curriculum to offer and whom to enroll.

Without a companywide process in place to identify particular developmental needs, training and development professionals risk ineffective deployment of their department's resources. Under these circumstances, resources get deployed according to the directives of those with greater influence or authority. Despite significant effort and considerable prowess exhibited by training professionals, employees fail to develop appropriately because the development program is poorly matched with the company's needs.

Multiple, diverse competencies necessary to succeed can be mapped to broad-based training programs. By entering individual development reviews and completed employee training into a database, individual investment in employee development and their progress can be tracked over time. Moreover, reports can be generated that rank the training programs that are most appropriate to focus on. The training staff will be able to provide only the required training to those individuals identified as needing such developmental help.

Performance management

Performance reviews that feature meaningful dialogue encourage ongoing coaching between leaders and their bosses and result in compensation awards that are better aligned with strategic objectives.

Just as competencies are used to assess developmental needs, accountabilities from the job charter are the foundation for evaluating performance. Clear job descriptions create a structure for meaningful dialogue with executives regarding performance expectations. Because accountabilities are linked with strategic objectives, leaders who meet those goals should be rewarded. When executives learn that their bosses will withhold incentives unless charter expectations are met, they quickly

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change their behavior to become more focused on expectations.

Using the same performance management tool for similar employees throughout the company has three additional advantages. First, leaders can no longer cry foul about differences in compensation across companies. Second, the promotion of candidates across the company is facilitated because these candidates already have some idea of what's expected of them. Finally, to the extent that companies employ similar leaders, the organization can identify which roles have many employees who are ready for promotion and which have a shortage. Greater training and development focus should be placed on roles for which there are currently few internal candidates ready to be promoted.

A strong leadership infrastructure reduces the organization's need to go outside to find candidates by providing a larger, more appropriate pool of internal candidates. This, in turn, reduces the costs and increases the effectiveness of hiring and selection.

Development and promotion from within are some of the most meaningful elements of an employer-of-choice culture that attracts and

keeps the best employees. To support internal promotion, the organization must define clear career paths that cut across departments and broadly communicate the differences in accountabilities and competencies between successive career ladder rungs.

At most large organizations, there is a growing gap between the increasing demands of leadership roles and the preparation executives receive as their careers progress. For organizations to capitalize from consolidation, they will need executives to utilize the human resources of the organization. The training and development function can deliver more value and raise its strategic profile by building the infrastructure essential to fostering desired leadership. **T+D**

Bill Ott is a senior consultant at Numerof & Associates, a strategic management consulting firm located in St. Louis.

Matt Motherwell is a business analyst at Numerof; info@nai-consulting.com.



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