From C-Level

To See-

Leade-

It's time to shift your leadership priorities to the most visible leaders. Here's a prescription for ailing development programs.

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As if

there aren't enough tough issues to deal with in the current complex business environment, organizations are also increasingly concerned about the quality of their leaders. There is a growing sense that this leadership crisis demands action.

Consider: In a 2003 survey conducted by Development Dimensions International of more than 1000 organizations internationally, leadership development was identified as the single biggest challenge. In another 2003 study, by *Chief Executive* magazine, 756 organizations rated leadership development as one of the top five business priorities. And a late 2002 study by The Conference Board found that only one-third of the participating 150 global companies rated the capacity of their leaders to meet business challenges as good or excellent.

What is involved in improving an organization's leadership? More specifically, at which leadership level should organizations concentrate their limited development resources?

The headlines of the past few years suggest that the most pressing needs are at the top—the C-level (CEO, CFO, COO). There has been no shortage of C-level leaders who have personified the perceived leadership crisis: Adelphia's John Rigas, Enron's Andrew Fastow, AT&T's Robert Allen, Coca-Cola's Doug Ivester, Ford's Jacques Nasser, and Kmart's Joseph Antonini and Floyd Hall, to name a few. But the leaders who really make or break a company, and who offer the greatest return on a development investment, operate at what we call the SEE-level. They are the leaders who should be the primary focus of an organization's development efforts.

SEE-level leaders hold a variety of titles: supervisor, team leader, project manager, foreman, unit manager, and the like. Working daily on the front lines, these people *see* problems, opportunities, and challenges. They are the most visible level of leadership to employees and customers. They bear the brunt of the responsibility for engaging workers, building morale, and retaining key players.

Most significantly, SEE-level leaders are the lynchpin between the strategy set at the top and the execution of that strategy through the ranks. In their recent article in *Supervision,* Stan Beecham and Michael Grant refer to this critical level of leadership as the lens through which employees see the entire company: "Since most employees make no clear distinction between their manager and the company, dissatisfaction with the relationship with their managers becomes, in their minds, unhappiness with the company."

Still, how can it be that first- and second-level leaders are more important than the CEO or CFO? For starters, research has shown that C-level leaders don't have the impact we might have thought. A recent research study, conducted by Margarethe Wiersma at the University of California and published in the December 2002 *Harvard Business Review*, shows little relationship between the loss of a CEO and the performance of the company. In fact, looking at the performance of 83 leadership successions that took place between 1997 and 1998, there was virtually no change two years later in operating income as a percentage of total assets or actual return on assets. And there was no difference in the performance of companies that brought in new top leaders relative to their industry averages. What's more, SEE-level leaders outnumber C-level leaders by about 20 to one. Analyst firm IDC that watches the learning market estimates that there are more than 15 million front-line leaders in North America alone. Given those figures, it's easy to understand the positive or negative impact this level of leadership can have on organizations.

Urgency

In spite of the enormous potential of SEE-level leaders to contribute to the success of their organizations, they're often the most neglected. In a 2003 IDC research report, "Leadership Training in the United States: Can It Live Up to Its

Potential?" Cushing Anderson and Michael Brennan observe that "while those managers (referring to supervisors, team leaders, front-line managers, and so forth) are essential to the success of their organizations, they don't often get noticed for their success or skills. In fact, their skills as leaders are often overlooked." A 2002 survey conducted by ◁ᵄ)workforce.com revealed that 83 percent of the participating organizations thought they had a leadership vacuum, with those most lacking in skills at first- and second-leadership levels.

There can be little doubt that SEE-level leaders warrant development, but there are also significant reasons it's especially important now for organizations to make special efforts to develop leaders.

The impending shortage of experienced leaders. Changing demographics point to a record number of retirements over the next decade. Meanwhile, the number of open positions is expected to far outweigh the number of aspiring leaders entering the workforce. That demographic shift makes it difficult for companies to find the talented leaders they'll need to manage their organizations in the future.

The ranks of middle managers have slowly dwindled. This trend has led to an increased span of control for leaders and a downward migration of complex leadership tasks, leaving less time for coaching and developing front-line leaders. The result: Too many SEE-level leaders are left to learn on the job often by making costly mistakes or to take their development into their own hands.

The job of a SEE-level leader is more complex and challenging than ever before. Nowadays, SEE-level leaders must lead across boundaries, often without formal authority. And the rapid pace of change in business strategies, work processes, and technology creates a need for leaders who can flourish in a state of constant ambiguity.

SEE-Level Leader Competencies

I n DDI's 2004 Leadership Forecast study, more than 1500 leaders, most at first- or second- leadership levels, SEE-level, indicated the top 10 competencies that are most critical for their jobs. They also indicated their current strength levels for those competencies

The results, when compared with DDI's last Leadership Forecast study three years ago, show that new competencies, such as stress tolerance and building customer loyalty, have entered into the mix. These additions reflect the growing complexity of first- and second-level leadership roles. Also significant is the degree to which leaders identify all of these competencies as critical by at least 79 percent of the leaders.

Most alarming is how poorly leaders rated their own proficiency in the 10 competencies (the results listed in the Strength column). Clearly, this gap between the perceived importance of the competencies and leaders' relative abilities points to a need for better development of SEE-level leaders.

Critical	Strength	
89%	43%	Adaptability: being flexible and open to change
86%	44%	Decision making: making logical, well-informed decisions
86%	39%	Managing the job: prioritizing tasks and managing time effectively
84%	41%	Building a successful team: pulling people together toward a common goal
84%	38%	Communication: explaining ideas clearly
82%	37%	Continuous learning: picking up new skills or capabilities
80%	40%	Positive disposition: keeping a positive outlook
80%	35%	Building strategic working relationships: networking or building relationships with others
79%	41%	Stress tolerance: handling crises or stressful situations
79%	44%	Building customer loyalty: being responsive to others' needs or requests
79%	39%	Coaching: coaching or teaching others how to perform tasks effectively

83

percent of the participating organizations thought they had a leadership vacuum, with those most lacking in skills at first- and second-leadership levels.

Organizations need committed workforces, yet few have them. Though it is the primary job of SEE-level leaders to capture the hearts and minds of those who work with them, building high workforce commitment has become a formidable task. Pressure for performance—with fewer resources—has escalated. Values and attitudes about work have become stratified across generations. And employees, seeing how little loyalty organizations have shown their people over the past few decades, have begun to return the favor.

As those reasons suggest, companies that ignore the development of their SEE-level leaders are gambling with their futures.

Failing development

Not all organizations ignore the development of their SEE-level leaders, but those that attempt to develop these leaders tend to be disappointed with the results. DDI's Leadership Forecast 2001 study found that only 23 percent of HR professionals rated the quality of their leadership development programs as high or very high. Imagine if the customers of those companies felt the same way about the products and services they offered.

Why have these training efforts failed? A primary reason is that SEE-level leadership initiatives, or the absence of such initiatives, are driven by seven myths that mislead many executives, consultants, and even HR professionals. **Myth 1: The best workers make the best leaders.** This may be the most pervasive myth, and it has serious ramifications. People who excel at doing a task, a job, or an activity—or are particularly knowledgeable about a given technology—are routinely promoted to oversee others. The problem is that leading people requires skills and motivations that even the most talented team members can lack. Organizations need to spend more time determining what makes for strong SEE-level leaders and how to select people from among the ranks who are capable and motivated in those competencies.

Myth 2: Leadership is about knowing what to do. A billion-dollar industry has grown around telling people how to think and what to do to be a good leader. But if it were as easy as reading a book or taking a course on leadership theory, there wouldn't be any weak leaders. Like most things worth doing well, leadership isn't born of knowledge alone. It takes practice, feedback, and careful application of the right skills over a period of years to develop into an exceptional leader.

Myth 3: Build leaders by fixing their weaknesses. Develop leaders by focusing on their strengths. Those two perspectives are diametrically opposed and equally wrong-headed. Research, experience, and common sense show that, given an appropriate amount of insight, effort, feedback, reward, and practice, people can and do improve. Weaknesses need not hold back a leader's career forever. Conversely, there's a lot to be said for focusing on a leader's natural strengths. It makes little sense to ignore or squander innate abilities while blindly struggling to create other abilities from scratch. The increasing diversity in leadership ranks means that individual strengths and weaknesses can be balanced by those of others. The best practice is to neither "fix weaknesses" nor "focus on strengths." It's both. Successful leadership performance systems address important areas for development, while measuring and leveraging useful natural abilities.

Myth 4: People are what they are. You can't change them, so don't try. This bleak view of human nature is surprisingly common in the business world. It not only presumes that leaders can't change, but also is used to justify ignoring "soft skills" training in favor of a singular focus on technical and professional

knowledge. In reality, the soft stuff is the hard stuff leaders must master if they are to have engaged, high-performing workforces. Numerous reliable studies show that leaders can and do change their leadership behaviors when involved in the right kind of learning opportunity, one with appropriate alignment and reinforcement.

Myth 5: Great leadership training makes great leaders. A strong training and development system is essential to leadership excellence, but it's not sufficient. Leaders are molded more by their superiors and the organizational culture cultivated by senior management. Because of that, the beliefs, values, and behaviors exhibited by SEE-level leaders are determined largely by their environment and not by the training curriculum. It's not about courses; it's about a balanced system of learning, motivation, opportunity, culture, reward, and strategy.

Myth 6: The nature of effective leadership varies by culture, industry, company, and position. Certainly there are situational, cultural, and organization differences in the world of work. But most research suggests that the core group of competencies for effective leaders is universal.

Myth 7: E-learning is the only practical method for training a large number of SEE-level leaders. The application of electronic technology to learning delivery in recent years has made for exciting new possibilities. It's now possible for an enterprise to launch a development initiative worldwide, almost instantly, and at a very low per-learner cost. The error in this heady rush to e-learning is the belief that humans learn all knowledge and skills cognitively. The fact is, most learning is experiential. Progress is being made in the development of simulations and games that provide online experiences that promote leader growth. **"The New Core of Leadership" by Clark Aldrich (March *T+D*).** But to most lead-

ership experts, it is intuitively obvious that to build people skills, you need people—live and real-time. SEE-level leaders need a safe and controlled environment in which to practice their people skills with other people.

Those seven myths and others like them account for much of the failure behind SEE-level leadership development. There is no easy path to or magic pill for leadership excellence. So, what is the prescription for success in SEE-level leader development?

Rx

The prescription for SEE-level excellence goes far beyond a few courses on leadership theory. Organizations need a systematic regimen for enhancing leadership performance. The figure depicts the inter-relationship of several key components of such a systems approach. **Organizational Alignment and Implementation Planning.** The top band in the figure is where successful SEE-level development initiatives must start. Before the initiation of an intervention to improve leadership performance, senior management must first define the organization's leadership vision for its SEE-level—in essence, the "leadership brand" for executing its business strategy—and then establish clearly articulated expectations for what success in building that brand will look like, including how progress will be measured. Those executives also need to create contingency plans for possible difficulties along the way, and accountability for mid-course corrections. Finally, they must review and assure the alignment of critical support systems for tracking, communicating, and reinforcing the program.
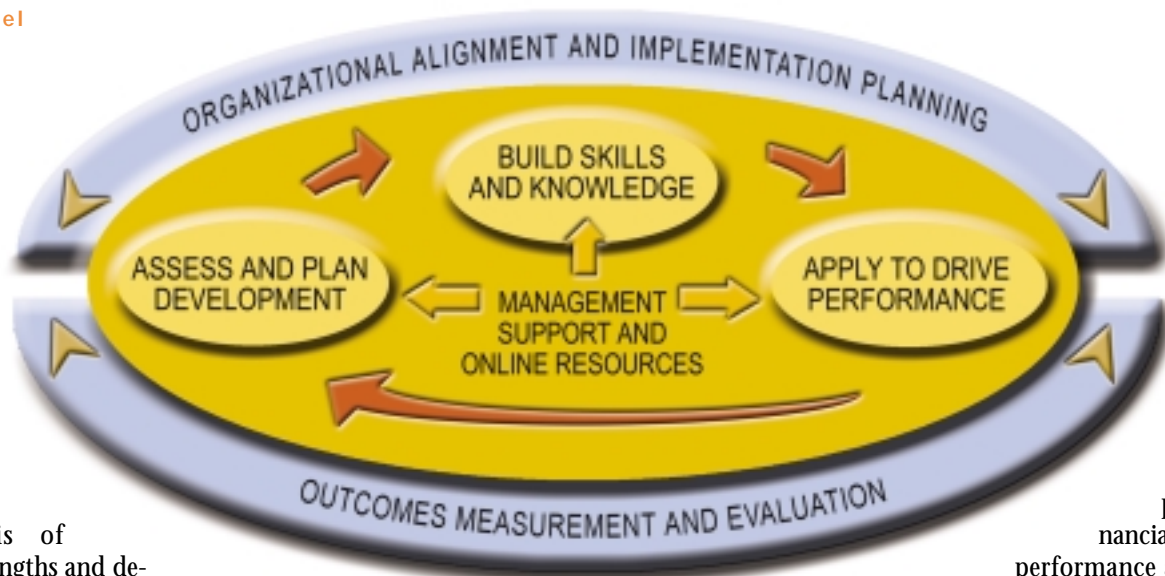
Taking the lead from the executive sponsors, those charged with actually putting the leadership development initiative in place must develop a flawless implementation plan, including group and individual needs analyses, course se-

lection and sequencing, communications, and evaluation. Without a detailed and comprehensive execution plan, even the best organizational alignment efforts will accomplish little.

Outcomes Measurement and Evaluation. The lower band represents the importance of measurement. Organizational alignment and implementation planning are not static, single-point events. Ongoing measurement and evaluation are critical for monitoring progress or problems, and for tweaking or redirecting the alignment and planning efforts. That's why the model shows the interacting arrows between the two outside bands.

The measurement systems must include metrics for assessing changes in leader behavior, along with changes in such key business metrics as employee retention, service quality, and productivity. For example, successful organizations periodically administer an instrument designed to measure how well leaders are fostering employee engagement—a lead indicator of long-term business impact. That and other measures must be tracked to determine the relationship between the leadership development initiative and the financial benefits realized, which determines the return on leadership development.

Assess and Plan Development. Inside the outer layer are the components for leadership development and change. Working from the left, the first of these represents an array of possible assessment and diagnostic initiatives all geared toward providing a clear picture of leaders' strengths and development priorities. They would include multirater 360 surveys, employee engagement profiles, cultural assessments, and training needs analyses. For a more in-depth diagnosis, there are new Web-enabled assessment centers that allow prospective or newly appointed leaders to get a realistic preview of the challenges they will be facing, while receiving a high-

ly accurate diagnosis of their strengths and developmental needs. Any of those diagnostic approaches can be used individually or in combination to craft development action plans for individuals with help from their managers to leverage strengths and fine-tune leadership needs.

Build Skills and Knowledge. We mentioned that leadership development curriculums are necessary but not sufficient for SEE-level leadership excellence. But with the alignment, planning, measurement, and individual assessment provided by the surrounding elements of the model, engaging leadership courses can make a huge difference in leadership competence and resultant employee engagement. Organizations should build or buy competency-based courses organized around critical leadership imperatives for success. These courses should be well researched, field tested for learning effectiveness, tailored to the leaders' environment, and diverse in their instructional designs and use of media.

Apply to Drive Performance. It's critical that the development system provides a skill application strategy for on-the-job performance. That can include in-class activities during which the leaders prepare action plans for post-class application with their teams. It should include targeted stretch assignments provided by upper management. Most important, leaders should be expected and equipped to measure the impact of their new skills on key results areas such as quality, quantity, safety, timeliness, or cost containment.

Management Support and Online Re-sources. Improved leadership starts at the top. That's why world-class SEE-level development programs enlist the support and reinforcement of those who manage the leaders in direct and purposeful ways. By actively coaching, modeling, and reinforcing the skills of the individuals comprising their teams, senior-level leaders can leverage their organization's investment in the development intervention. In addition, other resource systems should be provided for the ongoing development of the leaders. For example, electronic performance support systems are now available for leaders to use for just-in-time, just-enough online access to hundreds of tips and tools for effective handling of day-to-day leadership challenges.

The payoff

As learning professionals, we are all under increasing pressure to demonstrate the impact our efforts on the performance of the people we develop and, in turn, on the organization. Because SEE-level leaders are so critical, initiatives aimed at enhancing their performance can prove tremendously valuable.

For example, research detailed in DDI's 2004 Leadership Forecast study finds a strong relationship between the perceived quality of an organization's leadership development efforts and its financial outcomes (revenue growth, profitability, market share). Thirty-four percent of those organizations that had superior financial performance also had high-quality leadership development programs. In contrast, only six percent of those organizations that had below-average financial performance had high-quality leadership development programs. Similar correlations also were found with nonfinancial outcomes such as customer satisfaction, retention, and employee engagement.

In addition, our leadership development research has found that high-quality leadership development programs can deliver significant return-on-investment. In one study, 20 percent of respondents reported that positive changes resulting from leadership development were worth US$500,000 to $1 million to their organizations in the most recent fiscal year. An additional 40 percent reported positive changes from $50,000 to $200,000.

The bottom line is that developing your SEE-level leaders can impact your organization's bottom line. But it must done right. Given the extant leadership crisis being felt in many organizations, it must be done now. **TD**

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