Align Your Business and Leadership Strategies:

Build a Pipeline of Leadership Talent to Execute Strategy Today and Tomorrow

Leadership Development by Design

Point of View

Think about this: If your organization is anything like the average company, you turn over roughly one-quarter of management positions each year.[1] The loss of even one leader can be costly, given that about 50 percent of replacements fail within 18 months[2] and, among senior ranks, the cost of this failure to the organization can exceed 20 times salary.[3] Now think about that cost being multiplied by your annual churn rate for managers: one hundred, five hundred, even a thousand.

Twice as shocking: In one recent study, more than 50 percent of surveyed companies anticipated a loss of over half of their then current senior leaders within the short span of 5 years.[4] That study took place in an environment of rapid global economic expansion, when many leaders left organizations for new opportunities. Yet today, in the wake of a worldwide financial meltdown and subsequent reductions to leadership ranks in many organizations, the picture is much the same. Organizations are more concerned than ever about keeping and growing their remaining best talent. Strong or weak economy, it is critical to be as strategic about your leadership talent pipeline as you are about your assets, finances, business model, and market strategies.

Today's imperative is to align the strategy for your leadership talent pipeline with your long-term business strategy[5] and to ensure your pipeline strategy accounts for both the organization's environment and the leadership capabilities necessary to deliver on present and future business strategies.[6] Such a leadership pipeline creates a sustainable, continuous flow of leaders who can execute strategy effectively. Because they make the pipeline part of the leadership strategy and connect it to business strategy, organizations that do this are more agile when conditions require strategic shifts.

What Do Top Organizations Do to Create an Effective Pipeline System?

Our research shows that successful organizations take a critical few steps to build a robust and strategic leadership pipeline:

1. Align to Strategy, Values, and Business Goals. These organizations hardwire their leadership strategy and pipeline to the company's strategic priorities. The system focuses all levels of leaders on:

- Understanding strategic and organizational priorities
- Creating a clear line of sight from strategy to leaders' work
- Building the critical skills that will enable them to achieve organizational goals

2. Integrate the Development Architecture. A key feature is to differentiate the requirements for leaders at different levels and to provide development over the course of their careers, linking structured learning and development activities with talent management processes like succession planning, job assignments, and performance management. The most successful organizations ensure leadership excellence across all functions, geographies, and levels by balancing attention to high potentials with reliable processes to develop all leaders. These systems:

- Develop learning communities and networks among multiple levels of managers and across

the organization, and facilitate cross-functional collaboration
- Build management involvement into system design
- Bridge the gap between learning and real work
- Measure, measure, measure

3. Set Clear Expectations for Leaders at All Levels. Many organizations develop competency models to provide a coherent, uniying framework for the leadership development process and provide regular feedback to leaders. Leaders at all levels understand:

- How the organization defines leadership
- The behaviors that support the organization's values and strategy
- The organization's expectations for leaders at their level

4. Make the Leadership Strategy and Pipeline a Priority. In the most forward-thinking organizations, executives provide visible support to these efforts by:

- Providing resources and financial support for and visibility to leadership development activities
- Defining the capabilities leaders must have in order to execute strategy now and in the future
- Championing talent management processes and making all managers accountable for talent development
- Modeling and reinforcing competencies and value, and teaching, coaching, and mentoring other leaders

Levels in the Pipeline

Most organizations tier their leadership pipeline and development efforts into first-line, mid-level, and highpotential/ senior leaders because leaders at each level have unique needs.

Strengthening the First-Line Leader

Positioned at the vanguard of strategy execution, customer satisfaction, service delivery, sales, and all other necessary functions in your organization, more than any other level of leadership, these leaders are uniquely positioned to have the greatest single impact on employee engagement and retention, successful customer interface, and organizational success.

The transition to first-line leadership marks a period of profound change in any career. Becoming a manager of people (responsible for the team's able execution and for developing the individuals on that team) is fraught with difficulty. In fact, this transition is littered with failure. Linda Hill, in her seminal study of the transition into management, cites 20 years of research showing that this is the leadership "level in the organization from which come the most frequent reports of incompetence, burnout, and excessive attrition."[7] Why? Because so often we select our first-line leaders from the ranks of star-performing individual contributors and move them into these new and very different roles with little to no development or support. Organizations finding it difficult to fill higher-level management positions can often trace their problems back to this first leadership transition.[8]

We have found that it is critical to provide first line leaders support with several distinct challenges:

- Establishing credibility with former peers and co-workers
- Building the managerial mind-set
- Learning leadership fundamentals
- Balancing managing and influencing across a wider swath of the organization

Organizations that develop first-line leaders enhance effectiveness as it plays out at the front line and create a gateway to a strong leadership pipeline.

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Realizing the Potential of the Mid-Level Leader

"The World Is Flat" could easily have been the title of the history of organizational hierarchy as it has played out over the past two decades. Today, organizations are flatter and leaner. As a result, middle manager spans of control have increased dramatically at the same time they need to work effectively across increasingly matrixed organizations, with far less job security. In the not too distant past, the middle manager was akin to the "middle man"—unnecessary fat in the system. Purge it, people said, and everything would be much more efficient. We believe, though, that middle managers are the heart of an organization's success—and research supports our intuition.[9]

Some people assume that managing individual contributors is the same as managing managers. It is not. Leaders in the middle are uniquely positioned to make a significant contribution, because just as senior leaders seek their input on organizational direction, lower levels need them to make the link between strategy and the work. They are the focal point for translating strategic goals into action. Moreover, because of the strength and breadth of their networks, they are in the right place to orchestrate and manage change as well as to see opportunities for innovation.[10] In addition, they develop most of the leadership talent in organizations, as the largest group of managers report to them. They can only be effective, however, when provided the optimal development opportunities. The move to mid-level management is significant, and requires support with these unique challenges:

- Expanding knowledge of and ability to execute the business strategy
- Managing spheres of influence and strategic communication and influence skills that support nonpositional leadership
- Identifying potential leadership talent and making them successful
- Balancing change with continuity and being agile, and encouraging agility in others
- Increasing visibility and broadening horizons

Nourishing the High-Potential Leader

Your high potentials are in line to become the future senior leaders of your organization, and your organization's future is strongly tied to the quality of its senior leaders. As such, high potentials need careful attention to ensure they have the capabilities necessary to sustain and drive your organization's success. Our research shows that the most promising candidates for "hi po" designation have a strong intellect, highly acute technical capability (in the sense that they possess an in-depth knowledge of your industry, business models, and operations), emotional intelligence, adaptability, and a track record of success.

The best companies focus on the importance of leadership at all levels; however, those with the strongest leadership pipelines recognize the need to go beyond merely identifying people with high potential for senior leadership roles. They groom and mold their hi po's by intentionally applying their talents in increasingly challenging business situations. Without this kind of intensive support and development, the risk of failure and attrition as hi po's move to senior levels is very high.

Leaders at senior levels focus more on the broad, complex requirements of the business than on day-to-day people and task management. Moving into the senior-leader mind-set means rethinking what the leader's work is. High potentials must be prepared to:

- Lead across multiple functions or business groups
- Ensure short- and long-term business results across the organization
- Analyze changes in the business environment and integrate conflicting strategic priorities to provide clear strategic direction

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- Develop capability across the organization
- Champion innovation
- Manage internal and external visibility and networks

What Is the Focus of Effective Pipeline Development?

AchieveForum's four decades of work with business leaders in hundreds of organizations across the globe reveals that the development of leaders at all levels in organizations should focus on specific areas to drive effectiveness, agility, and strategy execution now and in the future. In fact, we've found that highly effective leaders excel in four areas, which we call the Work of Leaders model (see Fig 1).

Figure 1: The Work of Leaders Model

- **Personal Mastery.** This is about self-knowledge. Leaders must know and manage their strengths and their weaknesses, and demonstrate strong interpersonal skills and a high degree of emotional intelligence. Moreover, highly successful leaders communicate effectively with a wide range of stakeholders, continuously test and learn from their own assumptions, and have the adaptability and agility to handle the pace and stress today's work world puts in their paths.
- **Direction and Alignment.** This is about creating confidence in others to be followers. Leaders must continuously stay in front of changes in the business environment, setting direction and quickly aligning the organization with that direction. They must synchronously and constantly adapt and change.
- **Commitment and Capability.** Most organizations today compete on knowledge. This means the only way to build commitment and capability in their people is to engage employees in three ways: heads, hands, and hearts. Leaders must create work environments that engage, encourage a sense of ownership, and accelerate learning and development. Today's leaders are more involved than ever in teaching, coaching, and creating growth opportunities for people in order to build a workforce that is a source of competitive advantage.
- **Execution and Performance.** Effective execution is a matter of balancing short-term expectations with longterm business sustainability. Research shows that leaders more often than not execute poorly, because they fail to focus on creating clarity about the strategy and building unity around what it means for people, and they do not understand that effective execution requires agile, continuous course correction.

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These focus areas play out differently for different leadership levels. To be effective, leaders must expand and deepen their focus in each of these areas as they move up the ranks, as shown in Table 1.

Table 1: The Work of Leaders by Level

	First-Line Leader	Mid-Level Leader	High-Potential Leader
Personal Mastery	Internalizing the shift from individual contributor to anager; establishing credibility with employees and leaders at all levels; developing a mental model of what a successful leader is and does; and understanding own strengths and ulnerabilities.	Developing the advanced dialogue skills necessary to communicate with multiple stakeholders; identifying the limits of one's own mental models and experiences; identifying personal leadership gaps and strategies to overcome them; seeking feedback, and building one's emotional intelligence.	Proactively gathering feedback from peers, mentors, and other stakeholders and using it to adjust behavior; developing strategies to overcome weaknesses; questioning one's own assumptions to broaden perspective; promoting dialogue, embracing risk, and modeling how to learn from experience and mistakes.
Direction & Alignment	Knowing how the organization's business strategy impacts the team's work; creating a clear line of sight for employees that links their activities to the strategy; setting clear expectations and performance objectives, and communicating them in a way that ensures follow-through.	Influencing business strategy with more senior leaders; interpreting and communicating the business strategy and its differential impact on teams; continuously providing focus and clarity that helps managers and employees set priorities and make tradeoffs.	In-depth understanding of the complexities of the business environment and business and industry operating models; anticipating the future; providing confident, competent, and clear strategic direction; and representing the organization to a wide variety of stakeholders (e.g., Board, investment community, media).
Commitment & Capability	Building employee engagement and commitment; securing employee contributions to business results by developing their capabilities; providing confidence and competence-building feedback; encouraging learning and managing performance problems.	Growing and developing the managers using advanced coaching skills to capitalize on daily coaching opportunities; creating high-value on-the-job learning experiences; and seeking opportunities to build sense of ownership where their people are committed both to personal and organizational success.	Assessing and selecting the future leaders of the organization; actively participating in the coaching and development of leaders; and engaging others through authentic and inspirational communication.
Execution & Performance	Establishing and maintaining focus on management priorities and results; delegating effectively; building strong links with those parts of the organization that enable own team to succeed; and building adaptability to change.	Balancing a broad set of short-term expectations with long-term sustainability; executing strategy through other people across the organization; initiating and responding to change in the form of course corrections as conditions require; helping others navigate change with agility; and managing highly complex issues, challenges, and dilemmas.	Aligning strategy, structure, processes, and skills; managing complex business problems by making tradeoffs that maximize the upside potential; dealing with ambiguity and moving forward despite uncertainty; driving organizational innovation; and uncovering and responding to resistance to change and supporting others as they move through change.

How Do Successful Companies Develop Their Leaders?

The best organizations take time to design a leadership development process that builds the skills to execute strategy and aligns leaders to the business context according to the needs of their role.

There are a variety of ways to create effective development experiences for leaders, so many that an in-depth discussion goes beyond the scope of this article (but see the book *AchieveForum's Principles of Learning*[11] for more detail). Those companies that link their leadership development strategy to their business strategy, however, know that just as the work of leaders differs in breadth and intensity by level, so do effective development experiences. Table 2 shows the characteristics that should be the spotlight of design for each level of leader.

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Table 2: Development Spotlights for Each Leadership Level

First-Line Leader	Mid-Level Leader	High-Potential Leader
Picture of a Manager: First-line leaders develop certainty, confidence, and higher levels of performance when they can see what the transition from individual contributor to manager entails. High-performing organizations reveal this picture a d allow time for individuals to reflect on and plan against their current strengths and vulnerabilities.	**Encouragement:** At this level, it is important for organizations to acknowledge the important role and significant contribution of mid-level leaders, and to provide opportunities for leaders to be stretched—especially because, at this level, development needs to shift from a focus on skill-building to business and leadership challenges. Leaders need to reflect on what it means to be a leader, assess their strengths and vulnerabilities, develop selfknowledge, and build emotional intelligence.	**Tailoring:** At this level, learning experiences must be tailored and rely on cultivating daily experiences that maximize learning. These leaders will still need traditional approaches to skill development, such as classroom, workshop, or virtual sessions, but as much as possible, they need to maximize their investment by "learning in the trenches."
Engagement: It is critical to provide opportunities for significant practice and application of new skills in a learning environment—often peppered with real or simulated work situations—all designed to stretch and engage head, hearts, and hands.	**Alignment:** Success demands that development for this level be conceived as the second tier of an integrated leadership development process, extending beyond learning experiences to other human resource systems, such as performance management, selection and recruitment, and talent management.	**Challenge:** High potentials need challenge and risk. They need to stretch in new ways through experiences that appeal to the cognitive/rational, the emotional, and the tactical, because, as research shows, this accelerates their learning. They need to step out of their comfort zones, risk failure, and have coaching supported opportunities to learn from their experiences.
Role Models: More than any other, firstline leaders need role models to emulate and coaches to help them navigate their experiences. The leader's own manager is the best coach, mentor, teacher, and champion. High-performing organizations develop mid-level leaders who can in turn develop their team of front-line managers.	**Involvement:** Leaders at this level need coaching and support from their own managers, as well as the visible participation of senior executives in mid-level leader development programs. The latter may come in the form of making leadership development a strategic priority and championing it, or in actual participation in strategic conversations during relevant sessions or workshops.	**Breadth:** Take learning beyond the leader's current sphere of influence and knowledge, even outside the organization, in the form of strategic assignments. Expose leaders to new, leading-edge concepts and thinkers to invite them to grapple with challenging and even unorthodox ideas and apply them to their own business. University and executive programs can provide exposure to a wealth of new ideas and exposure to external networking opportunities.
Action: Tactical, practical, action-oriented — three words that describe the daily task of the first-line leader and that learning solutions should mirror. First-line leaders need tools and experiential, engaging learning situations with clear on-the-job application or embedded in the daily work.	**Real Work:** The best organizations provide leaders at this level with on-the-job learning experiences as part of their development work. This focus on real work embeds the learning in the leaders' day-to-day job, enhancing the application of new skills and tools, and making learning more efficient by creating a real return for the leaders and the business.	**Support:** Because of the unique type of development high potentials need, support is even more critical. Manager and mentor support is highly effective, but our research shows that executive coaching is a uniquely powerful way to support tailored, challenging, and broadening learning experiences with this level of leader. Moreover, we have found the financial payoff, in quantifiable business results, to be 6 to 20 times the investment, with additional value returned in the form of quantified and qualified leadership results and additional benefits to individuals and organizations.

Summary

AchieveForum helps organizations ensure leaders at all levels are prepared to meet the unique challenges of their roles. As you can see, leaders at each level represent a critical part of the organization's leadership pipeline, and their particular needs must be addressed in your leadership strategy. AchieveForum's experience in building and implementing learning systems for leaders at all levels means that your leaders can avoid the pitfalls that lead to failure, successfully take on their roles, and realize their promise as drivers of the future success of the business.

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Endnotes

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About AchieveForum:

AchieveForum delivers leadership solutions that are designed for the customer and are built on more than 85 years of global experience. Our tailored learning solutions are created with purpose and driven by innovation to help organizations effectively execute their business strategies. We provide clients with practical and research-based products and programs that mobilize employees, accelerate businessinitiative implementation, and improve agility.

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