



Leader Development Systems

Cynthia D. McCauley

Kim Kanaga

Kim Lafferty

It probably goes without saying that organizations have an ongoing need for effective leaders. And although organizations bring effective leaders into the organization through recruiting and hiring processes, a significant part of the ongoing need is met through leader development. In the Introduction to this handbook, *leader development* is broadly defined as the expansion of a person's capacity to be effective in leadership roles and processes. For organizations, developing leaders includes enhancing their performance in current roles, improving their ability to carry out the tasks of leadership in ways congruent with changing organizational realities, and, for some, expanding their capacity to take on higher positions.

With a continuing need for effective leaders, organizations set up various processes, practices, activities, and roles to develop them; in other words, they craft leader development systems. A system is broader than a leader development initiative or a curriculum. It encompasses all aspects of the organization that contribute to producing effective leaders. This chapter focuses on the elements of a leader development system and advocates for an intentional and mindful approach to designing, shaping, and refining that system.

We find it useful to think about a leader development system from four perspectives: purposes served by the system, segments of the leader population

being developed, methods of development, and an organization's climate for development.

PURPOSES SERVED BY LEADER DEVELOPMENT

Three purposes commonly direct an organization's development of leaders:

- *Performance improvement.* An organization needs leaders who are highly effective in their current roles, so it invests in strategies and tactics to develop leaders in this regard. For example, it might provide first-time supervisors with special training to help them better understand their new role and develop skills needed in that role. Or it might have a performance management process that identifies how individual leaders can be more effective and helps them develop a plan for individual improvement.
- *Succession management.* Organizations need some leaders who can take on the increased complexity and scope of higher-level management positions—that is, leaders who can effectively move up in the organization. Therefore, they invest in identifying high-potential leaders and giving them extra developmental attention. When this purpose is foremost, stakeholders in the organization talk about the need for bench strength (people ready to move into particular positions or levels in the organization) and a robust pipeline of leaders (people identified and being developed for higher-level positions).
- *Organizational change.* Organizations constantly adapt and reshape themselves to remain competitive, ideally in line with an articulated business strategy. Many organizations have adopted strategies that emphasize growth through acquisitions, emerging markets, innovation, globalization, or operational efficiency. Typically these organizational change initiatives require new behaviors, skills, or competencies from leaders. Processes are then put in place to develop and support these new leader capabilities—for example, targeted development programs, changes in the organization's leader competency model, or changes in what leaders are rewarded for.

Within each of these three broad purposes, leader development serves more specific needs, many of which are similar across organizations. However, at any moment in time, organizations may also target needs that are unique to their current circumstances and pay special attention to certain aspects of their leader development system. Table 1.1 provides examples of these unique needs and organizational responses.

Table 1.1
Organizational Needs Served by Leader Development

	Typical Needs Served by Leader Development	Examples of Unique Organizational Need and Leader Development Response
Performance improvement	Successful transitions to new jobs: Getting leaders quickly up to speed and integrated within a new group	Unacceptable failure rates in expatriate assignments lead to more learning structures and support for those taking on such assignments.
	Socialization: Transmitting important organizational values and developing the leader's effectiveness at enacting those values	Hiring more leaders into middle management jobs from outside the organization creates the need for an intentional socialization process as they join the organization.
	Continuous learning: Engaging leaders in ongoing self-improvement	Employee dissatisfaction with developmental opportunities in the organization stimulates efforts to better equip managers with the ability to help others with their development.
Succession management	High-potential development: Preparing leaders to successfully take on higher-level responsibilities	Low bench strength for general management positions leads to the launch of a development initiative targeted at high-potential managers two levels below general management.
	Successful transitions to new levels: Helping leaders learn as they move to higher levels of responsibility	Rapid growth in Asia brings extra developmental attention on those moving into management jobs in Asia.

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	Typical Needs Served by Leader Development	Examples of Unique Organizational Need and Leader Development Response
Organizational change	Support of strategic initiatives: Developing leaders' ability to execute articulated organizational strategy	An organization's strategy to differentiate itself in the market through innovative products and services leads to a strategy for developing managers' ability to lead innovation teams.
	Adaptation to changing external conditions: Developing leaders' ability to lead in new contexts	Business growth in India, China, and Russia creates increased need to partner with other organizations and, in turn, increased efforts to develop leaders' ability to work effectively across boundaries.

Examining the purpose of leader development systems brings into focus the fact that leader development systems do more than just produce effective leaders; they also serve broader organizational needs. Thus, a first step in being more intentional and mindful about the organization's leader development system is to assess how well the organization's needs for effective leaders are being met and to identify important gaps that the system needs to address.

Typical questions that organizations ask about the performance of current leaders include:

- What percentage of current leaders are meeting performance standards?
- To what extent are performance standards being met across all types of leadership positions?
- What do current leaders do really well? On what dimensions do they need to improve their performance?
- What proportion of leaders are embracing and modeling the organization's espoused values and beliefs?

Questions about succession management focus on the organization's leadership bench strength and pipeline of leaders—for example:

- How many successors have been identified for key leadership positions in the organization?
- To what extent does the organization have adequate numbers of individuals being prepared for higher management positions?
- How diverse is the pool of high potentials (for example, in terms of gender, ethnicity, education, functional background, and country of origin)? How well does this level of diversity meet organizational needs?

And finally questions address the leadership implications of organizational change—for example:

- Will more or different types of management positions be created as a result of the change? Will these positions be filled by internal staff or hired from the outside?
- What leader competencies will be particularly important for executing the business strategy? To what degree do current leaders have these competencies?
- What organizational beliefs and values will be particularly important for executing the strategy? To what degree will these beliefs and values be embraced by leaders in different regions of the organization's global operations?

Note that some questions focus on quantity (What percentage of current leaders are meeting performance standards?), some on qualities of leaders (How diverse is the pool of high potentials?), some on leader skills and abilities (What leader competencies will be particularly important for executing the strategy?), and some on cultural beliefs and values (To what degree will needed beliefs and values be embraced by leaders in different parts of global operations?). Each of these dimensions is important for assessing leadership from a system perspective (Pasmore and Lafferty, 2008).

Clearly a leader development system needs to be closely linked to the organization's performance management and succession management systems and to its strategic change initiatives. From these can be derived the goals and objectives of the leader development system. For example, in early 2009, GlaxoSmithKline (GSK) launched a corporate-level Leadership and Organization Development Center of Excellence. Although the organization was already

known for its leader development capability (Hewitt Associates, 2007), its new center of excellence concept was indicative of a new strategy within GSK, one that aimed to create more alignment across an organization that had grown through mergers and acquisitions and had been managed primarily in a decentralized fashion. Two immediate priorities for the Center of Excellence were to (1) ensure consistent world-class leader development for first-level supervisors across the enterprise because this large and geographically dispersed population of leaders was essential for managing the performance of frontline employees, and (2) invest in the development of general managers—a critical population of GSK leaders for whom performance expectations were changing. The CEO was also promoting an organizational culture of empowerment to support strategic changes in the business: developing a diversified global business, delivering more products of value, and simplifying GSK’s operating model. The Center of Excellence also took on the objective of supporting this culture change, including working with the organization’s leadership framework to better articulate the capabilities and expectations of an empowering leader.

Tools for Assessing the Organization’s Need for Effective Leaders

Three kinds of tools can help organizations articulate and monitor their needs for effective leaders: leader competency models, leadership metrics, and forums for the regular review of leader effectiveness in the organization. All three are needed for developing a more intentional leader development strategy.

Leader Competency Models To describe what effective leadership entails, organizations create frameworks or models to summarize the knowledge, skills, and perspectives that distinguish superior leadership performance and hence point to what needs to be developed in leaders (Berke, Kossler, and Wakefield, 2008; Lucia and Lepsinger, 1999). These frameworks are most often referred to as *competency models*, although organizations may use other labels, such as *success factors*, *leadership models*, or *standards of leadership*. Competency models typically delineate eight to sixteen competencies that contribute to a leader’s effectiveness, often given in great detail—for example, indicating low, moderate, and high levels of behavior with respect to a given competency. Competency models are also often tailored to organizational level because required knowledge, skills, and perspectives broaden and change as individuals take on higher leadership roles.

Leader competency models serve multiple functions in a leader development system. First, they promote a shared understanding within the organization of what characterizes effective leaders and thus what kinds of leaders the development system needs to be producing. Second, they serve as a benchmark for assessing the performance of leaders—data that are important for designing developmental interventions. And finally, they serve an integrating function in the system. When the same competency model is used in various leader development processes, it not only reinforces the model but creates stronger links among the processes. For example, when a competency model is the basis for feedback to managers during performance appraisal discussions and the basis for a series of leader development programs, managers can more readily use the feedback to choose an appropriate program for development and are clearer about why they will benefit from the program.

Organizations use different methods to arrive at a competency model: (1) they may adopt an existing competency model because it comes from a reputable source, has been used successfully across organizations, and has high face validity within the organization; (2) they may create a model from scratch, involving numerous stakeholder groups within the organization to arrive at some agreement about the most important leader competencies in their organization; or (3) they may begin with an existing framework in the organization, such as a set of organizational values or strategic priorities, and derive a set of competencies needed to deliver on that set of values or priorities. Whatever process is used, the goal is to arrive at a set of competencies that are relevant, meaningful, and widely understood in the organization.

One challenge in establishing a competency model in multinational organizations is the trade-off between having a consistent model across countries and having a model that allows local differentiation. A global model supports a shared understanding of organizational expectations of leaders, which in turn facilitates consistency in the evaluation of managers, the movement of managers across regions, and the design of leader development tools that can be used across the company. Allowances for local differentiation recognize that in different cultures, similar competencies might be recognized by different terms and can manifest themselves in different behaviors, and managers are embedded in local contexts that vary in terms of what is expected from them as leaders. Organizations need to be mindful of this global-local tension and deliberate in the trade-off choices that they make—with rationales for the resulting approach widely communicated.

Examples of competency models are shown in Table 1.2 and Figure 1.1. Both models illustrate the usefulness of connecting leader competencies to existing organizational frameworks and broader goals. PepsiCo’s competency model set out in Table 1.2 is grounded in a set of three leadership imperatives (setting the agenda, taking others with you, and doing it the right way) that have been central to the organization’s culture for over fifteen years (APQC, 2006). These imperatives provide a simple sense-making framework for understanding the importance of the leadership success factors and the more detailed competencies. The seventeen competencies are at the level of specificity needed for the organization’s 360-degree feedback process. The leadership model used at Ketchum (Figure 1.1), a global public relations and marketing firm, highlights the connection between leader competencies (Ketchum’s Leadership Brand) and the organization’s vision and client commitments (Ketchum’s Brand)—with both

Table 1.2
PepsiCo’s Leader Competency Model

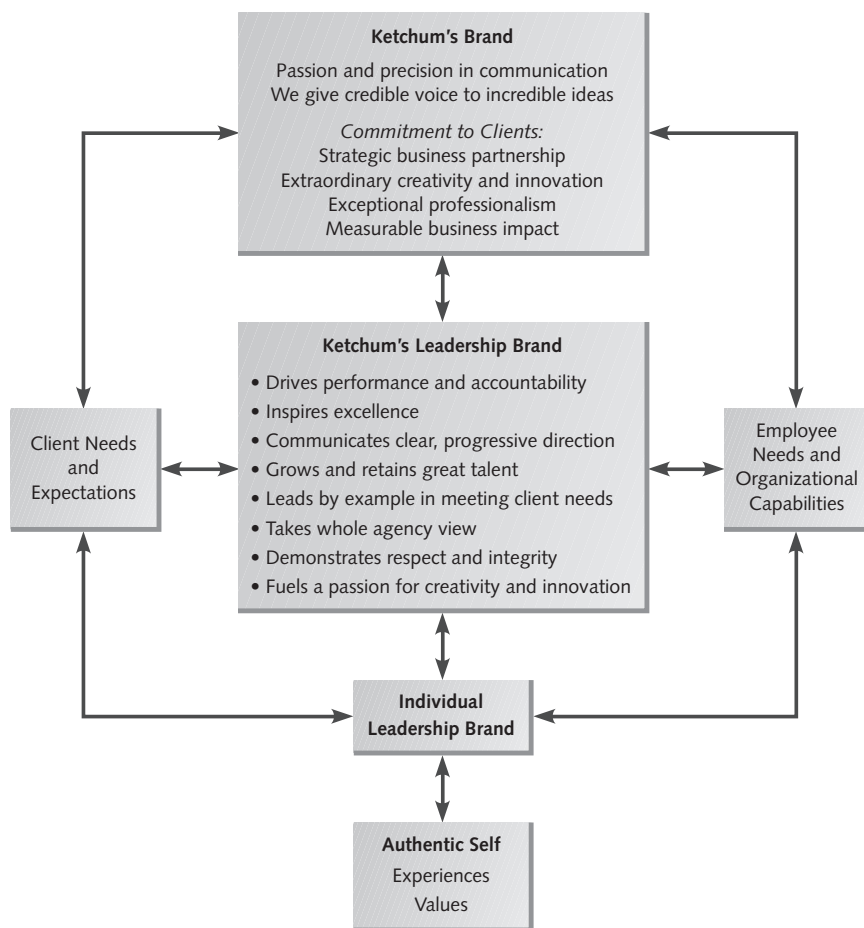
Leadership Imperatives	Success Factors	Competency Dimensions
Setting the agenda	Planning	Thinking skills Innovation Strategic tools
	Execution	Establishes priorities Drives for results
Taking others with you	Courageous leadership	Change leadership Motivates others Collaboration
	People development	Builds talent Inclusion Supports others
	Savvy communication	Communicates productively Negotiation
Doing it the right way	Integrity	Inspires trust Walks the talk
	Operational excellence	Knows the business Functional excellence

Source: Adapted from APQC (2006).

driven by client expectations, employee needs, and organizational capabilities. The model also recognizes the uniqueness of each leader, encouraging leaders to craft their own individual leadership brand through integrating their experiences and values with the organization's leadership brand.

Leadership Metrics Leadership metrics are sets of aggregated data about the quantity, qualities, skills and abilities, and cultural impact of leaders in the

Figure 1.1
Ketchum's Leadership Model



Source: Ketchum, Inc. Used with permission.

Table 1.3
Examples of Leadership Metrics

Quantity	Growth rate of new management positions in the organization Speed at which open positions are filled Percentage of leaders who are assessed as high potential Number of candidates ready for key leadership positions
Qualities	Demographics of management population Demographics of high potentials Percentage of female and minority promotions Percentage of positions filled internally
Skills and abilities	Distribution of performance appraisal ratings Percentage of leaders who met performance goals Group profiles on 360-degree feedback instruments or assessment center ratings Failure rates (involuntary turnover, demotions) Job transition success rates
Cultural impact	Organizational culture surveys Employee satisfaction surveys Reputation in the marketplace (for example, in ratings of best places to work) Ability to attract top candidates Percentage of undesirable turnover and reasons for leaving

organization. Examples are shown in Table 1.3. Each metric can be assessed at the overall organizational level or be broken down by subgroups, for example, organizational level, function, or geographical location. (For a more in-depth discussion of metrics and additional examples, see Boudreau and Ramstad, 2007, and Huselid, Becker, and Beatty, 2005.) Leadership metrics provide a system-level assessment of leaders in the organization.

Tracking a set of leadership metrics over time allows organizations to identify strengths and problem areas in the system. For example, tracking aggregated 360-degree feedback data can point out the degree to which important competencies are widespread in the management population, or monitoring failure rates can identify certain transitions that leaders are ill equipped to make. Tracking leadership metrics also enables the organization to monitor the effects of changes in the system. For example, have involuntary executive turnover rates declined since the introduction of a new executive onboarding program? Or has the

organization's initiatives aimed at developing women and people of color led to a more diverse set of senior leaders? Metrics are also important in planning for the future. As the organization pursues strategic changes, implications for the quantity, qualities, skills and abilities, and cultural impact of leaders need to be examined. For example, as an organization pursues growth in emerging markets, how many more formal leadership positions will be created and in what parts of the world? And what skills, language capabilities, or cultural awareness will be needed among the individuals who will take on these positions?

Forums to Review Leader Effectiveness Monitoring and shaping a leader development system is a collective effort among senior management and the human resource function (APQC, 2006). These individuals need dedicated time together to assess the system, identify problems and issues, agree on overall goals and objectives, and craft broad strategic parameters of the system. Various forums can be used for this collective work:

- *Talent reviews.* In a talent review, groups of peer managers examine the performance and potential of all of their direct reports collectively. A regular talent review process generates shared knowledge about existing talent in the organization and commitment to developing talent. In large organizations, talent reviews are designed to roll up from lower management levels to top levels. For example, talent reviews might take place within each function, then functional heads meet to review direct reports across functions, and finally functional heads are reviewed by an executive team. Talent reviews are often a structured annual process linked closely with the strategic planning calendar of the organization. In addition to reviewing individual leaders, talent reviews provide an opportunity to review leadership metrics. These reviews not only produce action plans for individuals being reviewed but identify development objectives and strategies for the segment of leaders being reviewed, for example, increasing global awareness among middle managers or identifying more local high potentials in emerging markets.
- *Management team meetings.* One of the most consistent findings in studies of organizations that are most effective at developing leaders is the commitment and involvement of senior management (American Management Association, 2005; APQC, 2006; Hewitt Associates, 2007). These senior managers pay attention to the quality of leadership in the organization in the same way they pay attention to the organization's customers, products, and financial health.

Thus, issues of leadership performance and development are part of their strategic planning discussions and are regular agenda items at management team meetings.

- *Leader development councils.* As human resource professionals in the organization design methods and processes to address the organization's leader development objectives, they often rely on a council (a steering committee or advisory board) of line managers to ensure that leader development initiatives meet business needs and align with strategy (APQC, 2006). High-profile initiatives often have executive sponsors who serve as both sounding boards for the initiative designers and advocates for the initiative within the organization.

Leader Development Strategy

Assessing how well the organization's needs for effective leaders are being met and identifying important gaps in leadership effectiveness should culminate in the crafting of a leader development strategy. A leader development strategy communicates the goals and objectives of the organization's leader development system and articulates the choices the organization is making about the relative investment in development for different segments of the leader population, the development methods that will be used, and tactics the organization will use to ensure a positive climate for development. As with any other organizational strategy, it is regularly reviewed and revised to meet changing organizational needs.

LEADER SEGMENTS

Just as an organization has a wide variety of external customers who can be grouped into market segments based on their characteristics and needs, there are different segments of leaders within an organization with different characteristics and needs. In the same way that organizations prioritize market segments to pursue and customize products and services for different segments, they also need to prioritize their leader segments in terms of development investment and customize development processes by segment. Although some processes may be designed for use by all leaders (examples are annual development planning and e-learning resources), organizations categorize their leader segments for development in several common ways: by organizational level; by high-potential status; by social identity group; and by function, business unit, or geography.

Organizational Levels

Perhaps the most frequent type of segmentation is by organizational level. An organization's leader development strategy may reflect:

- *Differential investment in leader development by level.* Organizations often are willing to invest more in the development of individual leaders at higher organizational levels because the risk to the organization of subpar performance at these levels is greater. However, because there are many more managers at lower levels, the total amount invested at different organizational levels may be similar. Other factors may lead to differential investment by level. For example, organizational changes requiring more cross-boundary partnering at middle management levels may dictate greater investment in developing the collective partnering capacity at this level. Or an organization that regularly hires new M.B.A.s into entry-level management positions may choose to invest more heavily in development at these early-career stages.
- *Different targeted outcomes by level.* Managers' leadership responsibilities and challenges change as they move up the organizational hierarchy. Thus, effective leadership requires a somewhat different mix of knowledge, skills, and perspectives at different organizational levels (Mumford, Campion, and Morgeson, 2007). For example, in moving from an individual contributor to a supervisory role, increased emphasis is placed on directing and motivating subordinates. In moving from a functional manager to a general business manager, emphasis increases on integrating work across functions and taking a long-term view. Depending on the size of the organization, there may be four to seven levels in the organization with qualitatively different leadership responsibilities (Charan, Drotter, and Noel, 2001). Thus, organizations typically target the development of different leader competencies at different organizational levels.
- *Different methods of development by level.* Because of the larger numbers of leaders at lower organizational levels, organizations often choose to standardize their formal development initiatives at these levels, for example, offering the same job rotation or training programs across the organization. Methods that allow more customization to the leader's development needs, such as individual coaching or choosing from an array of external programs, may be reserved for those at higher levels of the organization.

High-Potential Status

Organizations make choices about how to balance a focus on the development of high potentials and the development of all other leaders. Generally employees are labeled as having high potential when they are assessed as having the ability, organizational commitment, and motivation to rise to and succeed in more senior positions in the organization (Corporate Leadership Council, 2005). Studies of best practice organizations find that although these organizations emphasize ongoing development for all leaders, they pay particular attention to carefully identifying high potentials and put extra resources into their development (APQC, 2006; Hewitt Associates, 2007). Organizations are more likely to reserve key developmental assignments for high potentials; match them with outstanding bosses; and create formal programs that expand their networks, engage them in action learning, and provide opportunities to interact with senior managers.

Some organizations may also give special developmental attention to high-performing managers who are not seen as moving up in the organization but are important to retain for their high competence and the role they can play in mentoring and coaching others. It is important to provide opportunities for these high-value individuals to continue to hone their skills and maintain their professional expertise; thus, they often are tapped to attend external programs and represent the organization in external networks. And special attention is given to developing their ability to mentor and coach others.

Social Identity Groups

Many organizations are committed to increasing the gender, racial, and cultural diversity of leaders in middle to senior management roles. Thus, a leader development strategy may emphasize leader development for particular social identity groups. Chapter Five in this book describes strategies that organizations use to develop leaders from underrepresented social identity groups. These include leader development initiatives targeted for specific social identity groups (for example, single-identity leader development programs and identity-based networks) and efforts to ensure that individuals from various identity groups have access to leader development opportunities in the organization through challenging assignments, mentoring, coaching, and programs.

Functions, Business Units, or Geographies

As with any other organizational process or system, organizations make decisions about the degree of centralization or decentralization in the leader development

system. What aspects of the system will be designed and managed from a corporate or headquarters perspective, and what aspects will be designed and managed from a functional, business unit, or geographical region perspective? Numerous factors influence such decisions, including the degree of interdependence in the organization, the degree to which there are unique leader development needs in different parts of the organization, the importance of standard practices across the organization, and what is most cost-effective. Typically the development of senior leaders and those targeted as high potential for moving into senior positions is managed at the corporate level, as is any other key initiative supporting a critical aspect of the business strategy.

Regardless of centralization-decentralization decisions, organizations often customize leader development for certain functions, units, or locations. For example, an organization's R&D function might have customized initiatives for developing team leaders who are effective at managing long-term projects and the dynamics of cross-disciplinary teams of scientists or engineers. Another example is the way in which Starwood Hotels and Resorts Worldwide customizes its competency model for its different hotel brands (Barber et al., 2007). The same competency model is used across all the brands, but each brand labels and defines the competencies in ways consistent with its brand. The competency of *customer service* is labeled "Surprise and Delight" and *collaboration* is labeled "Belong to Team Westin" in the Westin brand. In the high-end St. Regis brand, these same competencies (with brand-specific definitions) are known as "Deliver Bespoke Service" and "Accomplish Distinction Together."

Local Leaders

One issue that many multinational organizations pay attention to is the balance of expatriate and local leaders. Although expatriates may play an important role in the early phases of entering new markets and expatriate assignments often remain an ongoing source of development opportunities for leaders, a longer-term localization of leadership is assumed to have a positive impact on the organization's performance. In recent years, a focus on developing local leaders has been particularly important in Asia-Pacific where growth rates have accelerated (Bell, 2006). Thus, it is not surprising that many organizations have invested extra developmental attention to develop and retain local and regional leadership talent in Asia. For example, in 2003, Philips Electronics felt the need to accelerate leader development in China because the local leadership ratio was too low (only 30 percent local at senior levels) and the leadership

pipeline was sparse. To do this, it put more emphasis on high-potential identification, regular talent reviews, development planning, cross-functional moves and mentoring, and tracking such leadership metrics as localization rates, number of high potentials relative to top management positions, and percentage of potentials involved in cross-functional development.

METHODS OF DEVELOPMENT

Perhaps the most common way of describing a leader development system is by pointing out what an organization does to develop leaders. What kinds of programs does it have? Does it use 360-degree feedback for development? Are coaching and mentoring widely available? We think of these as the *methods of development*, and they are an integral part of a development system. These methods are the primary source of the assessment, challenge, and support needed for leader development (see the Introduction).

Organizations make use of a wide variety of leader development methods. Some methods build more intentional learning into ongoing work experiences. For example, managers are moved into new roles or given special job assignments not just to meet the performance needs of the organization but also to broaden the managers' repertoire of leadership competencies (see Chapter Two for more on experience-based methods). Other methods are designed specifically to create additional space for learning and development; examples are training programs, executive coaching, and formal feedback processes. Although these methods are often linked to ongoing work, they provide opportunities not frequently available in the workplace, including the direct transfer of knowledge through teaching, time for focused reflection, and the ability to experiment and practice in a safe environment.

Development methods can be organized into five broad categories (see Table 1.4): developmental relationships, developmental assignments, feedback processes, formal programs, and self-development activities.

Developmental Relationships

Developmental relationships range from those that develop naturally in the workplace and in other spheres of life (mentors and role models, for example) to those that are intentionally designed to stimulate and support learning

**Table 1.4
Methods of Leader Development**

Developmental relationships Mentors Professional coaches Manager as coach Peer learning partners Social identity networks Communities of practice	Developmental assignments Job moves Job rotations Expanded work responsibilities Temporary assignments Action learning projects Leadership roles outside work
Feedback processes Performance appraisal 360-degree feedback Assessment centers	Formal programs University programs Skill training Feedback-intensive programs Personal growth programs
Self-development activities Reading (books, articles, online resources) Speakers and colloquia Professional conferences and trade shows Fireside chats, town hall meetings, all-staff meetings	

(external coaches and social identity networks, for example). Relationships can be particularly powerful drivers of learning and development because they are a rich source of assessment, challenge, and support (McCauley and Douglas, 2004). Other people provide feedback, advice, models of exemplary performance, new perspectives, encouragement, and reinforcement for learning.

Increasingly organizations view the boss-employee relationship as a key leverage point in a leader development system. Through this relationship, the development of every employee in the organization can receive attention. From this perspective, managers are expected to contribute to the development of their employees by teaching, coaching, providing ongoing feedback, and facilitating the design and implementation of development plans. “Developing others” more frequently appears in leader competency models, and programs to better equip managers to take on this role are on the rise.

Another increasingly popular relationship-based method of development is the community of practice (Saint-Onge and Wallace, 2003; Wenger, McDermott, and Snyder, 2002). These are groups of individuals, typically in the same organization, who have similar expertise and job responsibilities but work in different units or regions. They gather to exchange information, share best practices, and learn from and support one another as they face common challenges. Increased specialization in the workplace, the rise of the Internet, and an emphasis in organizations on knowledge management have all contributed to the appeal of communities of practice as organizational structures for learning. Cross-organization communities of practice are expected to grow rapidly given the ease and increased comfort with virtual relationships and the popularity of online social networking sites.

Developmental Assignments

Challenging assignments have always been an important source of learning for leaders (see Chapter Two). In a leader development system, the goal is to better capitalize on this method by more intentionally matching individuals with appropriate assignments (in other words, giving leaders the right challenge for their development needs and goals) and by enhancing the assessment and support provided to individuals in these assignments. Moving leaders upward in the organization has been a common way of exposing them to new challenges, but the more deliberate use of lateral moves and temporary assignments is increasingly a key feature of leader development systems (McCauley, 2006; Yost and Plunkett, 2009).

As organizations become more global in their markets and operations, assignments are becoming a key strategy for developing leaders' international business knowledge, cultural adaptability, and ability to lead across cultural boundaries. Expatriate assignments are now a pivotal experience for developing senior leaders in organizations. Ensuring that learning is maximized from these experiences requires special attention to getting useful feedback and monitoring progress (ideally by a boss who understands international work), family support, and repatriation (McCall and Hollenbeck, 2002). But senior leaders are not the only

ones who need to be able to lead in a global context; thus, assignments like working on a multicountry project team, working on a joint venture with people from other countries, short-term assignments in other countries, or rolling out a new product or service or policy across countries are ideal for developing cultural awareness and adaptability at multiple levels of the organization (Dalton, Ernst, Deal, and Leslie, 2002).

Perhaps one of the most structured forms of developmental assignments is an action learning team. Although action learning is practiced in numerous ways (see O’Neil and Marsick, 2007), a typical approach brings together a cross-functional team to work on an organizational issue or problem. An executive sponsor supports the work of the team, and a learning coach facilitates ongoing reflection and intentional learning during the course of the work. The projects are designed to integrate getting important work accomplished and learning from the process of doing that work. Action learning is often part of a larger multimethod development initiative for high-potential managers but can also be used apart from formal development programs.

Feedback Processes

Although feedback naturally occurs as part of human interaction in organizations, our view is that honest feedback about one’s behaviors, competencies, and impact on others is infrequent and uneven in many organizations. For leaders to get ongoing, high-quality feedback, leader development systems need to include some formal feedback processes. These processes can vary from less structured (sets of questions that a leader can use to seek input from his or her coworkers, bosses seeking input from others when completing an employee’s performance appraisal) to highly structured (standardized 360-degree feedback, feedback during a developmental assessment center).

A leader development system can include a variety of formal feedback processes. For example, one organization has an annual 360-degree feedback process for all managers with direct reports, a short customizable feedback form that project leaders can use at the end of a project to get feedback from their team, and in-depth assessment and feedback in an assessment center for managers moving into key middle management roles.

Formal Programs

Formal leader development programs are structured, off-the-job events that bring individuals together for shared learning and development experiences. They vary widely in their content, pedagogical techniques, purposes, and targeted outcomes. Conger (1992) identified four broad types of leader development programs—each serving a somewhat different purpose:

- *Knowledge-based programs* designed to convey information that leaders need to understand and apply in order to be effective in their positions
- *Skills training* designed to improve specific skills and increase leaders' abilities to perform certain job functions, such as communication, decision making, and coaching others
- *Feedback-intensive programs* designed to provide leaders with a realistic understanding of themselves and their strengths and how they can improve their effectiveness (see Chapter Three)
- *Personal growth programs* designed to increase the participants' motivation to lead and help them discover how their personal talents can be applied to leadership work

Formal programs are pervasive in leader development systems. These systems typically include both in-house programs targeted to particular leader segments and external programs that can meet the unique development needs of particular individuals. Increasingly development programs are designed to support strategic change initiatives in organizations. There has also been a shift from designing these interventions as programs to designing them as processes—resulting in interventions that extend over time, use multiple methods of development (such as classroom training, coaching, peer networks, and action learning), and blend traditional face-to-face interactions with online technology that supports e-learning modules, virtual work with coaches and classmates, and tracking of developmental progress (see Chapter Three).

Self-Development Activities

Organizations can make available a whole host of self-initiated development activities to leaders. Books, articles, reports, and online resources serve as important sources of knowledge for leaders. Invited speakers and colloquia provide access to external experts who bring new ideas, industry and societal trends, and frameworks for thinking about key organizational issues. Attending conferences and

trade shows also offers exposure to new thinking and trends, as well as connections to professional colleagues who are an ongoing source of learning and support. Events that stimulate sharing and discussion across management levels—fireside chats, town hall meetings, all-staff meetings, and so forth—should also be seen as part of the leader development system because they expose leaders to different perspectives, reinforce organizational values, and encourage openness and authenticity. These less formal chunks of learning are less time-consuming, can be accessed when learning is needed, and are plentiful.

Both HR professionals and line managers themselves—across many types of organizations and countries—report that assignments and relationships are the most frequent and richest sources of leader development (see Chapter Two; Corporate Leadership Council, 2001; Howard and Wellins, 2008). Feedback processes, programs, and self-development activities play smaller and more specialized roles in development. In contrast, leader development systems often focus heavily on programs and, more recently in Western cultures, 360-degree feedback processes. Although these are useful features of effective leader development systems, organizations should strive to design a larger portion of their system to take advantage of relationship-based and assignment-based development methods. And although development from relationships and assignments appears to be pervasive across cultures, organizations should pay attention to variations across cultures in the particular forms these methods might take. For example, lateral movement across units is common in Japan, where such movement is less constricted by organizational silos, job titles, and company hierarchies than in Western organizations (Kramer, 2007), and mentoring in Europe focuses more on personal growth and is experienced as mutual learning compared to mentoring in the United States, which focuses more on career progression and is experienced as one-way learning from mentor to protégé (Clutterbuck, 2007).

CLIMATE FOR DEVELOPMENT

A major conclusion of the Top Companies for Leaders research—a Hewitt Associates project that seeks to identify factors that allow financially successful organizations to consistently produce great leaders—is that these companies place a high value on leader development:

Leadership is part of the organizational fabric at the Top Companies for Leaders. You can sense it the moment you walk through the

door. There's a genuine belief that the way to propel the business forward is through investment in leaders—current as well as future leaders. Developing talent and future leaders is a way of operating; it is intertwined with running the business. It is not simply an action item on a “To Do” list. This is true for Top Companies everywhere, whether it be New York, Shanghai, or Wiesbaden [Hewitt Associates, 2007, p. 1].

Establishing a Climate for Development

How much value an organization places on leader development can be thought of as the organization's *climate for development*. The climate for development is established and reinforced through six organizational processes: priorities of top management, recognition and rewards, communication, efforts to track and measure, resource allocation, and skilled employees. These processes are a powerful part of a development system because they are the drivers and motivators of development within the system and therefore provide support for leader development above and beyond that provided by the methods of development.

Priorities of Top Management We noted earlier that one of the most consistent findings in studies of organizations that are effective at developing leaders is the commitment and involvement of senior management. Top management involvement is reflected in their engagement in succession management and talent review processes. In these sessions, they discuss leadership talent with the same rigor and intensity that they discuss finances during budget meetings. They get to know and develop high-potential leaders across the organization. They teach and coach in the organization's leader development initiatives. They focus on leader development in their own units, coaching and providing developmental opportunities for their direct reports and staying actively involved in decisions about people who are two and three levels down in their units. And as the architects of organizational strategy, senior executives play a critical role in examining the implications of organizational strategy for leader development.

Recognition and Rewards Recognition and rewards are another major driver of behavior in organizations. To generate a climate for development, organizations reward several types of outcomes. First, they reward effective leadership performance. For example, in their performance management systems, they do not evaluate just business results achieved by leaders and their teams, but also the

degree to which leaders display important leader behaviors (typically those articulated by the relevant leader competency model). Second, these organizations reward individuals for development—for enhancing their skills and abilities as leaders. Such rewards may take the form of increased pay, more opportunities, and promotions. And third, organizations reward managers for developing others. Again, this is often accomplished through performance management systems that evaluate managers on the degree to which they develop their employees. However, rewards for developing others are also finding their way into incentive compensation. For example, in recent years, PepsiCo moved to an equal allocation of incentive compensation for people development and business results (APQC, 2006).

Communication What an organization values is also revealed in what it spends time communicating about. Formal communications include newsletters, annual reports, the CEO's recorded messages to employees, staff meetings, and intranet sites. Organizations with a strong climate for development use these communication channels to celebrate effective performance, publicize the organization's development initiatives, talk openly about mistakes and lessons learned, share best practices, and connect people to resources to use for their own learning. These organizations often have dedicated sites on their intranets where employees can access information about development opportunities (courses, assignments, or learning networks, for example) and development tools.

Another important aspect of communication is the more informal communication that goes on regularly among people in organizations. A developmental climate is influenced by the degree to which managers and coworkers express a belief that individuals can develop and an expectation that they will develop. For example, a climate for development is strong when managers share their development goals with their teams, when coworkers encourage each other to take on stretch assignments, and when team members readily ask individuals returning from a development program what they have learned and what they are going to do as a result of the program.

Efforts to Track and Measure Earlier in the chapter, we discussed the importance of leadership metrics at the system level. However, efforts to measure and track leader development at the individual and intervention levels are also hallmarks of a developmental climate. Performance management systems can track individual progress on development goals and track the improvements in leader competencies over time. Learning management systems can document

individual involvement in development programs and activities. And evaluation can be built into the fabric of the organization's formal leader development initiatives (see Chapter Nine).

Resources Clearly organizations put more resources into activities on which they place high value. If resources for leader development are one of the first things cut or are cut most deeply when an organization faces financial hardship, the organization is unlikely to have a strong climate for development. But budgets for formal development programs are likely a small slice of the resource pie. To what degree do managers use their time for coaching and mentoring employees? How much is the organization investing in long-range planning for leader development? How up-to-date are human resource professionals on knowledge in the leadership development field?

How wisely those resources are used also reflects a developmental climate. For example, formal development programs can be targeted for critical transition points in a manager's career, key developmental assignments can be reserved for high-potential leaders who need them the most, and the various human resource processes that support development can be designed to work in an aligned and integrated way.

Skilled Employees An organization that values development attracts, recruits, and retains employees who are skilled at development. In other words, they seek employees who demonstrate the ability to learn. Such employees recognize when new skills or behaviors are called for, accept responsibility for their own development, engage in activities that provide the opportunity to learn and grow, and reflect on their learning process (see the Introduction for more on the ability to learn). Organizations with a developmental climate create an employment brand that emphasizes development, seek evidence of the ability to learn during the hiring process, and focus on retaining their exceptional learners.

Assessing the Climate

In the past several years at CCL, we have asked individuals who have some responsibility for leader development in their organizations to rate their organization's climate for development and to ask a group of their colleagues (both HR and line managers) to do the same (Berke et al., 2008). They respond to a

series of statements indicating the degree to which they agree that the statement is descriptive of their organization (using a five-point scale where a rating of 5 expresses strong agreement and a rating of 1 expresses strong disagreement). Table 1.5 summarizes trends in the data collected from 152 organizations of various sizes, locations, sectors, and industries. In the table we have also listed statements from each of the six dimensions of climate and noted the percentage of organizations in which the average rating was at least 3.5, indicating that the group of raters from the organization generally agreed more than disagreed with the statement.

Table 1.5
Elements of a Developmental Climate in Organizations

Statements That Reflect Each Element	Percentage of Organizations in Which Rater Group Endorses Statement (N = 152)
Priority of top management	
Our CEO demonstrates a real commitment to the development of people.	71%
The development of people is a key part of our overall business strategy.	68
Recognition and rewards	
Good performance is recognized and rewarded.	87
We reward people who develop the talents and skills needed for effectiveness in the organization.	67
Communication	
High-performing employees are highlighted in the organization's formal communication channels.	32
People can readily access information about developmental strategies and opportunities in the organization.	21

(continued)

Table 1.5
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Statements That Reflect Each Element	Percentage of Organizations in Which Rater Group Endorses Statement (N = 152)
<p>Efforts to track and measure</p> <p>We have organizational metrics for tracking whether we are developing the leadership talent we need.</p> <p>Formal development initiatives are regularly evaluated as part of efforts to enhance their effectiveness.</p> <p>Bosses monitor employees' progress on development goals.</p>	<p>12%</p> <p>21</p> <p>42</p>
<p>Resources</p> <p>We do not let short-term business pressure interfere with our development of people.</p> <p>We take a long-term perspective when planning for development—five or ten years out, not just tomorrow.</p> <p>We plan development activities for the key points in a career where they can have the most impact.</p> <p>Our human resource processes (compensation, benefits, and so forth) all work together to support people development.</p>	<p>10</p> <p>19</p> <p>7</p> <p>35</p>
<p>Employee skills</p> <p>We attract people who are motivated to expand their capabilities.</p> <p>The ability to learn, grow, and adapt to new situations is valued among employees.</p>	<p>87</p> <p>91</p>

The vast majority of the organizations were seen as attracting and valuing employees with the motivation and ability to learn and rewarding good performance. Over two-thirds felt that they rewarded people who develop and that development was a priority of top management. However, the majority also felt that their communication, resource allocation, and measurement systems did not strongly support a climate for development. In other words, employees and top management value development, but often organizational processes are not in place to reinforce and support development. These findings point to the need for a more intentional alignment of organizational systems with the espoused belief in the value of leader development.

LEADER DEVELOPMENT BEYOND FORMAL ORGANIZATIONS

The heart of this chapter focuses on leader development systems in traditional organizations. However, formal organizations are not the only collective entities that see a need for effective leaders. Communities, governments, industries, professions, countries, and social movements also need effective leaders and development systems for producing those leaders. Although it is beyond the scope of the chapter to delve deeply into leader development beyond the formal organization, we present two examples to illustrate other systematic yet specialized approaches to leader development: developing leaders within a particular profession and developing an elite cadre of public sector leaders.

It is not unusual for professional associations to provide leader development focused on the specific issues that leaders in their profession face. One such association is the American College of Physician Executives (ACPE), which was founded in 1977 with the sole purpose of helping physicians become highly capable and exceptional leaders. Its target audience is physicians who are shifting from clinical practice to executive roles in hospitals and other large health care organizations. This is a major transition for physicians. They are highly educated specialists who are valued for their clinical expertise and effectiveness. Their clinical success makes them attractive candidates for very senior-level positions. However, they have not moved up through the organizational ranks and have little experience leading an organization at this level. Although there are often development opportunities for these physician leaders within their work organizations, ACPE provides the unique opportunity to share and learn with other physicians who are making a similar transition and dealing with

similar issues in the health care field. They also provide an educational approach congruent with a physician culture that values continuing education, certification, and advanced degrees.

ACPE offers a variety of formal leader development opportunities. At four leadership conferences per year, physicians can choose from a number of programs, including Crucial Conversations in Medical Management, Ethical Challenges, Essentials in Health Law, Managing Physician Performance, and Taking Charge of Change. ACPE also offers online courses as customized in-house courses to meet the particular leadership needs of a health care organization. All of these courses have been approved for continuing medical education credits, which physicians are required to obtain annually. Physician executives can also accumulate training hours over time to receive certification as a physician executive from the Certifying Commission in Medical Management. And they can apply their learning toward an M.B.A. or master's degree in medical education at Tulane University, Carnegie Mellon, University of Massachusetts, or University of Southern California. Each of these schools has its own curriculum of both on-campus and online learning designed to accommodate the schedule constraints of practicing physician leaders.

A second example comes from the Singapore public sector (Siong and Chen, 2007). Since its independence in 1965, the Singapore government's approach to leadership development has been shaped by three overarching principles: get the best people into the public sector, give them challenging experiences, and pay them well. This is particularly evident in the country's efforts to attract and develop leaders for the Administrative Service, the top three hundred positions in the civil service. A pool of potential leaders is generated through the public sector scholarship system, which awards scholarships for local and overseas study to Singapore's best and brightest. These scholars are recruited into the Management Associates Program, a career development program that launches individuals into a management career track in the public sector after graduation. They enter into a development system with assessment, milestone programs, and job postings as its cornerstones.

The appraisal system emphasizes four broad qualities: helicopter quality (having a broad perspective and long-term view), intellectual ability, results orientation, and leadership qualities. Milestone training and development programs are important not only for the development of these qualities, but for transmitting institutional values and a shared sense of belonging to an elite service. The

Foundation Course is a ten-week induction course to equip new management associates with the knowledge and skills to work in the public sector. The Senior Management Program targets middle managers and aims to broaden their understanding of governance and policy, strengthen their ability to manage teams and handle the media, and increase international exposure through two country visits. The Leaders in Administration Program prepares senior public sector leaders for top leadership positions. The other mode of development for administrative officers is postings across different government agencies and ministries to gain experience dealing with a wide range of issues and challenges. Each posting is about two years, although more senior postings are for three- to five-year periods.

These two examples illustrate that leader development systems extend beyond the boundaries of single organizations. The development of physician leaders is a concern not only of individual hospitals and health care organizations but of the medical profession. The development of senior-level public sector leaders in Singapore is not only a concern of each government agency or ministry but of the country as a whole. There are noticeable differences in these two examples. ACPE offers development for any physician leader, with each individual pursuing what makes sense to him or her. The Singaporean government selects high-potential leaders for its system and carefully crafts their developmental experiences. However, as organizational boundaries become more permeable, partnerships more common, and leaders motivated to advance industry or societal goals more in demand, we expect to see more attention given to leader development beyond formal organizations.

CONCLUSION

A mature leader development system is multifaceted. Some elements of the system—like development planning, formal feedback processes, and high-potential development—serve the organization’s ongoing need for leaders who perform effectively in their current roles and for leaders who can take on higher-level management jobs. Other elements are more short-lived, serving emergent needs and changes in organizational strategy. A mature system is also characterized by

- Development initiatives customized to the needs of different leader segments
- The intentional use of multiple methods of leader development
- An organizational climate for development

In recent years the emergence of the concept of talent management has challenged leader development practitioners to better integrate leader development with the organization's larger talent management system. A talent management system is the organization's total system for attracting, developing, and retaining employees with the capabilities and commitment needed for current and future organizational success. Within this system, development is one of several people management processes, and leadership talent is one of many talents needed in the organization. Integrated talent management is evident in how well different aspects of the talent management system work together. This integration is most often achieved by articulating an overall talent management framework that delineates the elements of the system and how they are linked (for example, how leader development fits into the larger system), using common frameworks and models across the system (using the same leader competency model in leader selection and development processes, for example), having the outputs of one part of the system used as inputs to another (for instance, using data from employee engagement surveys to identify leadership capabilities that need more developmental attention in the organization), and by having people responsible for elements of the system work together (APQC, 2004).

Leader development is just one leverage point in broader initiatives to change the leadership culture of an organization. As the chapters in Part Two of this book illustrate, changing shared leadership beliefs and practices in an organization requires development beyond the individual; it requires the development of teams, work groups, relationships among groups, and the organization itself. Thus, an organization's leader development system also needs to be aligned with efforts to develop and enhance its leadership culture. From our experience, organizations can make the mistake of overrelying on leader development as a driver of cultural change, and they can make the mistake of not incorporating leader development into efforts to change the culture. Our perspective is that leader development is an important lever for change, but one that has to be used with other important change strategies.

Finally, we should emphasize that leader development systems are crafted, refined, and enhanced over time. In Exhibit 1.1, we provide broad questions that can help those with responsibility for the system reflect on the current state of their system and identify potential elements in need of attention. Those at the beginning stages of creating a more formal system often focus on foundational

elements that can affect many leaders across the system (for example, articulating a competency model or equipping managers to be effective developers of others) or on a segment of leaders critical to the organization's success. Best practice studies indicate that high-leverage points in the system include top management involvement and support, leadership competency models that clarify expectations of leaders, leader development practices linked to business strategy, well-designed development initiatives tailored to the needs of specific groups of leaders, and performance management and reward systems that hold people accountable for development (Hewitt Associates, 2007; Lamoureux, 2007).

Exhibit 1.1

Reflective Questions for Evaluating a Leader Development System

- How aligned are leader development goals and strategies with the organization's broader business goals? Are leader development goals identified as part of the organization's planning processes?
- How does the organization monitor its leadership effectiveness?
 - Does it have a leader competency model and use that model to identify, assess, and develop leaders?
 - Does it track one or more leadership effectiveness metrics?
 - What methods do senior leaders use to regularly review leader effectiveness in the organization and strategize about ways to improve it?
- What does the organization do to ensure that leaders are effective in their current jobs?
 - Are effective performance management and development planning processes in place?
 - Do bosses have the motivation and skills to develop the leadership capabilities of their direct reports? Are they rewarded for developing others?
 - Is a variety of development opportunities available to leaders across the organization? Are these tailored to the needs of leaders at different organizational levels, units, and geographies?

(continued)

Exhibit 1.1
(continued)

- What does the organization do to ensure that leaders are being developed to take on higher levels of responsibility in the organization?
 - Are high-potential leaders identified and given extra developmental attention?
 - How systematic and visible are the organization's succession management processes?
 - Is there developmental support for leaders transitioning to higher-level management positions or expanded roles?
 - What does the organization do to ensure that leaders are equipped to deal effectively with changing organizational realities?
 - Is leader development a core component of strategic change initiatives in the organization? Is development purely initiative driven, or is it an ongoing activity?
 - Does the organization adapt its leader development approach to new contexts, such as different cultures or different populations of leaders?
 - Can leaders in the organization choose from multiple methods of development, including relationships, assignments, formal programs, and feedback?
 - How strongly does the organization demonstrate that it values leader development and sees it as a competitive advantage? Is this value reflected in
 - Top management priorities?
 - Recognition and reward systems?
 - Communication processes?
 - Measurement systems?
 - Resource allocation?
 - The skills of employees?
-

In the future, we expect to see organizations grow more intentional about the systems they use to develop leaders. Despite all the changes in governments, business practices, and technology, one certainty is an ongoing demand for people to take on leadership roles and responsibilities. Systems to continually develop leaders are essential.

