The Fault Lines of Leadership Development: Why We Are Due for a Big Shakeup

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My hour with you:

- It is an industry!
- Why leadership development efforts fall seriously short
- The primary fault lines for failure
- What should my organization be doing?
We just completed our 2014 Corporate Learning Factbook and the research is striking: US spending on corporate training grew by 15% last year to over $70 billion in the US and over $130 billion worldwide...As in prior years, the research shows that the #1 areas of spending are management and leadership (35%)...As Millennials take on more responsibility, companies need to build leadership skills at all levels and in all geographies.

Deloitte (2014)
A conservative estimate...between $20 and $30 billion.
The Fault Lines

• The ‘productization’ of leadership
• The disappearing boss
• The provider paradox
• The splintering of ownership
• Make believe metrics
The Price of ‘Productization’

- Out of alignment with strategic goals
- Loss of customization
- Shallow development experience
- Fad cycle: what is next?
- Leadership development can be put on hold when times are tough
Solutions:

• Be highly selective
• Does it deepen the understanding of an existing competency?
• Ensure the package has a strong development emphasis versus simply knowledge transfer
• Commit to embedding it over a multi-year time frame
• Complement it with universals
The disappearing boss...
So what happened to the boss?

• Spread of leadership development
• Rise of 360 feedback
• Popularity of coaches
• Rise of the matrix
• Popularity of the self-directed teams
Yet....

Stanford research (2011): “Boss effects are large and significant. The main impact is teaching not supervising or motivating. Two thirds of the productivity boost persists even after the subordinate moves on to another boss...Peer effects appear to be trivial.”
Solutions:

- Remind yourself that the boss is still a critical leverage point for development.
- Best practice: develop the boss first.
- Best practice: involve the boss in the subordinate’s learning.
- Hold the boss more accountable.
The provider paradox...
The Provider Paradox

- Deep experts in a subject and a pedagogy
- Consulting firms: strong needs to scale across industries
- Business schools: professors too few incentives to teach and to customize, far easier to leverage a book or article
- In-house: reinforcing internal worldviews, credibility
The consequences:

• Narrow pedagogies
• One time experiences
• Perhaps half of leadership competencies are universals....
• The other half are unique to your culture and strategic needs.
Corporate Leadership Council Findings: Top Bench Weaknesses

- Articulating a long-term vision of the future
- Challenging the status quo
- Comfortable with ambiguity
- Putting the right people in the right roles
- Inspiring others
- Possessing a global perspective
Customization needed to address:

- Cultural attributes and their shadows
- Emerging needs: strategic
- Common derailers
- Transition demands
Solutions:

• A central corporate center hub for coordination
• A core leadership competency framework
• Two streams of competencies: the universals and the unique
• Careful balancing of providers in terms of pedagogies and content
Ownership is splintered...
The Ownership of LD...

Company ABC:

CEO’s executive leadership program
High potentials program
Country managers’ programs
USA functional/unit leadership programs
The Ownership of LD...

• The CEO?
• The CLO?
• The CHR?
• Leadership Development?
• Talent Management?
• Line managers?
Solutions:

• Create the mentality that individuals own their leadership development – tie transparently to rewards and opportunities.

• Institutionalize leadership development through a central hub that oversees TM.

• Accountability must be interconnected between the CEO, top team, senior line managers, HR, and high potentials.
Make believe metrics...
The standard fare metrics...

Quality of instruction
Usefulness of the learning experience
Utilization rates for training facilities
Dollars spent per employee
Number of employees trained
Number of modules delivered
What about?

Are we better able to fill leadership jobs?

Are fewer managers derailing in roles?

To what extent are our leadership programs building commitment to our strategic goals?

To what extent are individuals successfully demonstrating the instructed behaviors one year later?

What are leaders track records of developing talent?
The Opportunities

• Invest more in processes than products
• Customize your core models...renewing when appropriate...emphasize simplicity
• Design for high customization at the top and mass customization for the middle and entry
• Deploy multiple providers but complementary ones
• Move back to the boss for development: leveraging ‘managers’ but train them.
• Centralize coordination towards the top, ensure the CEO as champion and sponsor