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**Developing Leadership:
A Look Ahead**

**CEO Publication
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Morgan W. McCall, Jr.

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Abstract

Dramatic change has stimulated a search for a "new kind of leader," implying that selection and development of leadership was adequate in the past but that the chosen skills are no longer adequate for today's world. This paper argues that this is not the case. For a variety of reasons past practices for developing leadership were sloppy and produced leaders who were "good enough" at the time but who did not necessarily possess the attributes of effective leadership. Today's woes are not the result of not knowing what good leadership is, but rather result from a toughening environment that won't tolerate inadequate leaders. There is strong research consensus that effective leaders must be able to set direction, align crucial constituencies behind it, establish and adhere to values, develop the temperament to handle executive pressures, be self-aware, and constantly learn, grow and change.

Developing these attributes will be no different in the future than it has been in the past, requiring judicious use of job assignments, exposure to exceptional people, opportunities to make mistakes, and continuing formal education. What will be different is finding or adapting these kinds of experiences to the changing environment, including leadership in a global economy, working effectively in flatter organizations and in new organizational forms, and taking advantage of the changing demographics of the work force.

The good news is we know what it takes to be effective in executive leadership roles and we know a lot about developing the necessary attributes. The bad news is that it takes a serious commitment to do what needs to be done, and it will take time to produce results.

Developing Leadership: A Look Ahead

Greek philosopher Heraclitus observed in 500 B.C. that "there is nothing permanent except change." He was called "the obscure" because his philosophy was hard to understand, but his observations about change are both timeless and timely. Few question that the future holds more change, at a rapid rate, in a roller-coaster ride of unexpected twists and turns. Examples of sweeping-- often stunning-- change have come so fast that they are outdated and overshadowed before they can be used. While the revolution in Eastern Europe is change at its most dramatic, fundamental changes are occurring in the tiniest nooks and crannies of our lives. In the maelstrom of global events, the world of model railroading is a relatively quiet pool. But even here the drama of the changing world economy and global competition is playing out. In a recent issue of Model Railroader Dick Christianson writes, "Here we were in Hong Kong watching as parts for American and British-prototype [miniature] trains were manufactured by workers in China and Hong Kong using raw materials and components from the United States and elsewhere and [made with] equipment bought from Germany, Switzerland, and Japan" (Christianson, 1989, 104). To see the manufacturing of such All-American products as Cabbage Patch Dolls, Star Wars and Ghostbusters figures, or My Little Pony requires travel to places like Kowloon Bay, Shekou, or Donguen. Commenting on the changing global economy Jan Carlzon, chairman of SAS, noted that "Today cows are slaughtered in Texas and the hides are sent to Argentina for tanning and then on to Korea to be made into baseball gloves. Finally, the gloves come full circle and are shipped back to Texas where they are sold to local sporting goods shops" (Carlzon, 1987, 4).

Pieces of the Berlin Wall are sold as souvenirs in U.S. department stores, Russia struggles toward a free market economy, and U.S. executives, recently preoccupied by the Western European alliance of 1992, are now wondering how to do business in Poland, Czechoslovakia, and Romania. In the meantime changing demographics at home-- predictable, inevitable-- are sending tidal waves of change in all directions. Within thirty years one in six of us will be over 65. Along with increasing numbers of women, large numbers of immigrants from Asia, Mexico, Latin America, and the Caribbean will change the complexion of the workforce. These and other demographic shifts will fundamentally alter the workforce of the next decades, ending the domination of the white male (Krupfer, 1988).

The familiar list of future changes goes on and on. We stand poised on the edge of awesome technological breakthroughs; breakthroughs which may lead to social changes every bit as dramatic as those created by the automobile, airplane, and television set. Environmental crises-- oil shortages, ozone depletion, deterioration of air and water quality-- will sorely test our will and resourcefulness. Competition from more places in more industries will continue to heat up the global economy. The bottom line is that organizations will be forced to adapt quickly and dramatically or be swept mercilessly aside. There will be no place to hide.

Faced with a turbulent future, scholars and stockholders have been asking tough questions about the kind of leadership that will be required to survive, and perhaps thrive, in the years ahead. Harvard Business School's John Kotter has argued persuasively that leadership is now and will continue to be more important than ever (Kotter, 1988). He contends that the historical sources of the United States' competitive advantage, such as abundant manufacturing capacity in capital-intensive industries and control over sources of key raw materials, are less helpful today because they "...can be easily purchased (e.g., capacity or patents) or destroyed (e.g., regulation) by aggressive and rich competitors" (Kotter, 1988, 132). Kotter concludes that the "leadership factor" will be the major competitive advantage in the future.

While leadership was moved to center stage in the 1980s, it is not clear that all the attention provided a lot of answers. A non-stop parade of books by and about leaders generated a new lexicon of leadership marked by terms like transformational, charismatic, inspirational, visionary, and empowering. If the 70s asked "Where have all the Leaders gone?", the 80s answered that they were running Disney, Chrysler, Federal Express, Herman Miller, SAS, and baseball. As we move into the 90s, many pundits suggest that a new kind of leader is needed to take us into the future.

This emphasis on "new kinds" of leaders implies that selection and development of leadership was adequate in the past, but that changing times have made the effectively chosen skills inappropriate or obsolete. There is another possibility. Perhaps the past was simply more forgiving of lousy leadership than either the present or the future. Some have argued that leadership didn't matter very much during the boom years following World War II (Kotter, 1988). No matter what we did it turned into gold. But as times got tougher, competition increased, and the marketplace became global, ineffectiveness in key leadership roles crippled industry after industry. Habituated and sometimes complacent leaders watched from their corner offices as the changing world almost swallowed up the United States's steel, automobile, energy, electronics, textiles, and other basic industries. Repeated crises inspired a "search for excellence" and a Darwinesque emergence of gifted leaders who, in spite of (or perhaps because of) turmoil, led their organizations to success.

So perhaps the crisis of leadership occurred, not because we didn't know what effective leadership was or because we didn't have people who could lead, but because we didn't act on what we knew. By neglecting the selection and development of the kind of leadership that was truly effective because it wasn't necessary, organizations found themselves unprepared for change. There has been a sudden rediscovery of things known for a long time to enhance leadership effectiveness. For example, clear goals, involving people in decision making, motivating people through challenge and ownership, and other leadership practices studied decades ago (Campbell, Dunnette, Lawler, & Weick, 1970) have resurfaced under contemporary labels such as "empowering others." As technical solutions generated by formal planning, forecasting, control systems, and other professional managerial approaches failed to meet the challenges of change, distinctions between leadership and management became increasingly frequent (Bennis & Nanus, 1985; Kotter, 1990). However accurate an explanation for the miserable performance of organizations that

distinction might be, effective leadership was described as early as 1966 as incremental influence over and above mechanical compliance (Katz & Kahn, 1966). The point is that searching for "new" or "different" leadership is to some degree a red herring. If current leaders are inadequate, it is less because the qualities of effective leadership have changed than because our standards slipped. Leadership roles were filled with people who were mediocre, or overly narrow, or incapable of inspiring anyone else. Too little energy went into identifying and developing leadership talent because a forgiving environment allowed it. As Andy Pearson, former chairman of Pepsi, wrote recently:

Everyone knows how important it is to attract talented managers, develop them quickly, and keep them challenged and effectively deployed. Yet not everyone does what is required to achieve this. In fact, very few companies do. Lack of management talent ranks right behind low standards as a cause of poor performance (Pearson, 1989, 98).

The environment will no longer tolerate mediocre leadership, and the good news is that a lot is known about what it takes to be an effective leader (it is not a mystery or something we must discover totally anew). A great deal is also known about how to develop these attributes (they aren't all a gift of birth). The bad news is that it takes a lot of effort, and many organizations haven't been willing to do what it takes.

This paper is a storm warning for the decade ahead. To improve the ability of leaders to handle the challenges that lie ahead, the destructive practices of the past must be stopped and a new commitment must be made to effective development strategies for the future. This paper begins by diagnosing the common errors that have led to many of the leadership inadequacies seen today. It goes on to suggest that there is convergence in research on senior leaders on certain basic attributes that effective leaders must develop. The kinds of changes predicted for the future put a premium on these attributes, and the paper closes with specific strategies for developing the kinds of leadership talent crucial for the future.

The Origins of Sloth

There seems to be a fundamental belief among senior executives that "the cream rises to the top." Somehow, those who survive the various "trials by fire" and ascend the hierarchy are not just tougher but also somehow better leaders. The performance of many U.S. corporations over the last two decades might cause us to question the adequacy of this kind of leadership selection process. But it is this implicit belief that good leadership will emerge on its own that lies at the root of the current condition. If one assumes a natural selection model of leadership, then it is neither critical nor even necessary to invest in sustained selection or development efforts. Added to that is a common belief that, should the fittest not emerge from inside, it can always be bought on the outside.

Between them, Charles Darwin and Adam Smith provided the rationale for corporate neglect of the leadership resource. This neglect, in turn, is reflected in five fundamental sins that lead to inadequate senior leadership: accepting mediocrity, ignoring fatal flaws, acting as if tomorrow won't come, waiting for heroes, and compounding earlier mistakes.

Accepting mediocrity. The path to senior management often begins with entry into the corporation, either as a non-managerial employee or as a first level manager. It is from this pool that most later managerial selections will be made. It is not surprising, then, that poor decisions early on reduce the overall quality of the leadership talent pool later. Yet companies that wouldn't tolerate hiring mediocre engineers or MBAs sometimes pay no attention to the leadership potential of their recruits. Worse yet, they tolerate putting people in managerial jobs who are "just okay" or "no worse than anybody else" or "better than nothing." This is especially true during rapid growth, when there are many managerial jobs to be filled quickly. It is also true when things are running well and "adequate" people are promoted with little consideration for what might happen when things get tough and a higher order of skill is needed. When talent pools are ineffectively managed, promotion-from-within policies perpetuate and exacerbate leadership problems.

The first sin, then, is to open wide the gates at entry, with no or low standards when it comes to managerial potential. By sheer probabilities, the less talent in the initial pool, the less there will be to choose from later on. This is perhaps why Kotter found that the companies with the best reputations for quality management put a lot of time and effort into recruiting (Kotter, 1988).

Ignoring Fatal Flaws. This sin is committed when people are put in managerial roles and then promoted on the basis of an outstanding strength (getting results, being the best at a technical specialty), even though those promoting them know they have a weakness that one-day will cripple them (McCall & Lombardo, 1983). Weaknesses are sometimes overlooked or forgiven when a person has great strengths in other areas or is valuable to the current operation. In the worst possible case, people are chosen as managers whose strengths have little to do with effective leadership (for instance, technical achievement) and whose major flaws are crucial to it (for instance, inability to deal effectively with people).

These kinds of selection mistakes are common for lower and middle managerial levels, where success can be driven by a few strengths, or where outcomes are determined by a relatively narrow range of skills. Research indicates, however, that situations change as managers ascend the hierarchy, and that flaws that are forgiven early on can become fatal at later stages (McCall & Lombardo, 1983). Further, flaws can develop over time, especially in people who have a long history of success after success (Kotter, 1982).

Overall, then, this sin consists of promoting people on the basis of their strengths while ignoring the significance of their demonstrated weaknesses in new situations. There may be some pertinent lessons to be drawn from what happened to the dinosaurs as their environment changed around them.

Acting as if tomorrow won't come. U.S. corporations have been accused of taking a short-term orientation, focusing on annual or even quarterly performance rather than on long term payoffs.

Whether or not it is true for strategy, such an accusation is often true of managerial placement decisions. People can get promoted on the basis of the short term demands of today, forgetting that later on removing people who are ineffective can be more difficult than putting them there in the first place. If a division is in trouble, the company might choose a tough guy who will slash and burn, only later to discover that he can't make anything grow in the wasteland he created. One company in desperate financial trouble brought in an outside CFO with a reputation for ruthlessness. He did in fact turn the situation around, but his approach and actions were totally out of character for the company. As a result, the "saved" corporation lost its culture (a values and quality driven heritage of many years), lost many of its best senior managers (who resigned rather than carry out some of the decisions), and was stuck with a senior executive who not only had alienated everyone he had to work with but also knew nothing about running this kind of business.

This sin is committed each time someone is promoted on the basis of a short-term need with little or no thought given to what comes next. In times of change, the accumulation of sins like this can be quite rapid, and the higher the level of the misadventure the more difficult it can be to undo it later on.

Depending on heroes. Instead of investing the time and energy it takes to cultivate leadership talent, sometimes corporations cruise along on faith that, when they are needed, John Wayne and the Lone Ranger will emerge to save the day. This fantasy is bolstered by the belief that if they can't be found, they can be hired. There have been just enough successes at doing that for people to believe in it, even though the evidence on the success of outside hires at the top is not encouraging (Gabarro, 1987; Kotter, 1982; Shetty & Perry, 1976).

Another dangerous aspect of this sin is the implied belief that a single leader can "save" a corporation. Lee Iacocca and Michael Eisner myths aside, effective corporate leadership is something that must permeate an organization-- not something that resides in one or two superstars at the top. Depending on a single hero is at best a risky strategy (lest something happen to the person, or the situation change away from that person's strengths), and by definition it cannot last indefinitely. Even when superstars serve for an extended period of time, their influence may not reach to all parts of a large organization.

Compounding the mistakes. Because the sins listed above can be committed independently of one another, several of them can be committed at once. Over time the accumulated errors, like compound interest, grow rapidly. The ultimate result is that the key decision makers -- the only ones who can fix the mistakes or change the practices of the past-- are the very people who were put there by the mistakes they are now expected to fix.

Mercilessly pursuing the biblical metaphor, we can summarize this multitude of sins as five Commandments for not mismanaging executive resources:

1. Thou shalt not ignore leadership potential in recruiting and early promotion decisions;
2. Thou shalt not allow great strengths to camouflage fatal flaws;

3. Thou shalt not make decisions based on today's emergencies without considering the long term consequences of those decisions;
4. Thou shalt not fail to do what needs to be done under the illusion that needed talent will emerge coincidentally at the right moment ("Just in Time" Leadership).
5. Thou shalt not allow previous mistakes to perpetuate or accumulate-- at some point someone must bite the bullet.

Because these sins are subtle, easy to commit, easy to rationalize, and pervasive, the task of doing it right can be daunting. More significantly, simply refraining from sin does not assure virtue. Unless one is satisfied with the outcome of natural selection, making sound and strategic decisions about executive resources requires knowing what to look for and how to develop it. While knowledge in these areas is not perfect or complete, there is a growing consensus about the qualities required for effective leadership.

Leadership is Not Magic

Some people cling to the view that leadership is an individual trait: either you have it or you don't. This makes a great excuse for doing nothing to develop leadership talent, but it has very little basis in fact. Innumerable studies of people in leadership roles have failed to generate much evidence for a single set of stable traits consistently and strongly associated with leadership effectiveness (Bass, 1981; Yukl, 1989). On the contrary, there is a growing consensus that effective leaders have identifiable attributes dominated by learned skills and developed attitudes and values rather than by a handful of stable personality traits. Traits may help some people learn the necessary skills, but even though some people may have more potential than others, the skills of leadership are nonetheless learned and polished over time. Whatever their personalities and natural gifts, effective leaders must learn to set direction, align people with that direction, act consistently within a set of fundamental values, cope effectively with the demands and stresses of managerial jobs, understand themselves, and learn from experience (McCall, Lombardo, & Morrison, 1988). Obviously these skills lie at the heart of adapting to the many changes that face us in the decade ahead, and we simply don't have enough slack to accept leaders who do not have these skills.

Getting direction². It is in vogue these days to say that all leaders must have a "vision." But vision is not something that comes from eating certain kinds of mushrooms. Leaders who can see possibilities know their business, know how to assess markets and environments, can mobilize their people to generate ideas and plans, know their customers, and are able to do a whole lot of things to make something happen. In short, they work very hard at it. That is why a term like "setting direction" better connotes the many complex skills involved in dreaming what might be, gauging its feasibility, and figuring out what has to be done to pull it off.

There are two half-truths commonly associated with "visionary" leadership that make it seem beyond the reach of mere mortals. One is that visions are always profound (even "transformational"); the

other is that a leader must be inspirational or charismatic to carry out a vision. Both of these can be true, but there are other ways to achieve the same ends.

As an example, consider L.L. Bean, a premier catalog sales company with an outstanding reputation for customer service and quality merchandise. L.L. Bean was a runner-up for the 1988 Baldrige quality award for service companies (there was no winner!) and chosen by IBM as a quality comparison point for its distribution system (Main, 1990, 112). Yet the "vision" driving that performance is as simple as their catalog is plain:

Sell good merchandise at a reasonable profit, treat your customers like human beings and they'll always come back for more.³

What is profound is not the thought, or even the expression of the thought. What is profound is doing what is necessary to achieve it-- bringing that vision into reality and sustaining it over time. What does it mean to treat customers well? How does one translate that principle into answering telephones, responding to complaints, handling orders and returns, or customer service? What does it mean to sell good merchandise? How is quality assessed and enforced with a myriad of suppliers? It is the details that set the direction, and leadership is using knowledge of the business (its products, its customers, its suppliers), its technologies (computers, telecommunications, packaging, delivery), organizational structure (how to design an organization consistent with the chosen direction, which may require something other than a traditional hierarchy), reward systems (structuring pay and other rewards to reinforce behavior consistent with the direction), of information flow (getting information and authority to the people in the best position to make decisions), and of designing jobs and work flow. Creating change--setting direction-- can begin with any of these facets. It does not require charismatic leadership, although that would be helpful. More important is that over time each of the major elements is consistent with the overall values, direction, and strategy. That is the responsibility of leadership, and that is a lot more demanding than eloquence.

That eloquence doesn't hurt is demonstrated by Jan Carlzon, Chief Executive of SAS airlines. In his book he articulates the direction he has set for SAS to become the preferred airline of the business traveller. The heart of that strategy is as follows:

Last year, each of our 10 million customers came in contact with approximately five SAS employees, and this contact lasted an average of 15 seconds each time. Thus, SAS is "created" 50 million times a year, 15 seconds at a time. These 50 million "moments of truth" are the moments that ultimately determine whether SAS will succeed or fail as a company. They are the moments when we must prove to our customers that SAS is their best alternative (Carlzon, 1987, 3).

As far as that goes, it is an inspiring statement. But if SAS stopped with eloquence and a slogan nothing much would happen. Leadership is not just seeing a niche and understanding what it will take to

grab it, it is doing whatever it takes. It is arranging the puzzle pieces of people, structure, rewards, information flow, and job design so that what emerges is an organization heading in the direction chosen. Thus Carlzon goes on to say...

We cannot rely on rule books and instructions from distant corporate offices. We have to place responsibility for ideas, decisions, and actions with the people who are SAS during those 15 seconds: ticket agents, flight attendants, baggage handlers, and all the other frontline employees (Carlzon, 1987, 3).

Getting this much of the act together is what "setting direction" means in a leadership context.

Alignment.⁴ Dealing with personnel, information, systems, and structure is only a part of the battle. Leaders also must have the skills to align the relevant parties behind that direction. Critical relationships can include superiors, directors, customers, suppliers, unions, stockholders, subordinates, bankers, partners, and anyone else whose cooperation is essential to success or whose opposition would represent a serious obstacle. Dealing with these people-- especially people who may have no reason on earth to cooperate but have considerable impact on outcomes-- is something effective leaders must learn to do.

The broad rubric used to describe this complex array of skills is "interpersonal competence" (a term brought into popular usage by Argyris, 1962), but the singularity of the term masks the diversity of abilities required. Handling a mad customer does not require the same finesse as working effectively with a difficult boss. Motivating a group of incompetent subordinates requires different skills than negotiating with a joint venture partner. And handling such eyeball-to-eyeball individual relationships effectively is not synonymous with aligning diverse groups so that they work (knowingly or not) toward the set direction.

The value of having a variety of sophisticated skills for dealing with people and constituencies is not new, but two kinds of changes make a paucity of such skills a serious barrier to effectiveness. One is that alternative means of attaining compliance, such as punishment and sanctions, are not particularly effective for motivating people to give "the extra mile." New organizational forms that require people to accept greater responsibility (various forms of high involvement and "delayed" hierarchies) make greater interpersonal skill mandatory because the basis of influence is shifted from narrowly defined hierarchical authority to persuasion across large lateral spans, functions, and traditional boundaries. Furthermore, the increasing shortage of skilled labor and professionals makes attracting and retaining them more important than ever, and reliance on compliance-based motivational strategies may not be sufficient to keep, much less inspire, needed human resources (Hall & Richter, 1990).

Add to these pressures the new organizational forms that are built on coalitions, joint ventures, and special relationships among suppliers, the requirement of doing business in an international marketplace, and the increasing diversity within the U.S. labor pool, and it is clear why leaders in this decade cannot get

by with minimal alignment skills. Success is increasingly dependent on learning the complex and broad array of skills required to effectively align key relationships.

Values.⁵ Leadership can be viewed as value-neutral: skill in setting direction and aligning constituencies could be as easily applied to ill as good. Organizations can be designed and built to efficiently accomplish evil ends as well as just ones, and people and groups can be aligned through deception, fear, and greed as well as through inspiration, commitment, and pride. From a moral point of view, however, most of us would like to see any definition of leadership include some essential statement of values. James MacGregor Burns in his classic book, Leadership, describes in great detail the concept of modal values which guide the conduct and style of leadership. "Fairness, civility, tolerance, openness, and respect for the dignity of others undergird and legitimate the elaborate system of due process that characterizes decent relations among human beings. . . ." (Burns, 1979, 430). Behavior within widely-accepted principles of how people should be treated are not just desirable but according to at least one study of successful senior executives, are related to sustained effectiveness as a leader (McCall et al., 1988). The long term ability of a leader to influence others hinges on credibility, integrity, and trust. While short-term compliance can be extracted by threat, fear, and coercion, these sources of influence are insufficiently narrow and evanescent to support the situational variation in modern leadership. Instead, partners, suppliers, subordinates, customers--you name the group-- look for people who do what they say they will do when they say they will do it, and who let you know when for some reason they won't. They look, too, for people who treat other people with dignity and respect, even if those other people are different than themselves.

Times of change put an even higher premium on leaders who can use their other skills with integrity, respect for others, and compassion. Because the environment changes so rapidly and unpredictably, it is crucial that a leader be trustworthy. In a fickle environment the word of the leader may be the only glue to hold things together. Integrity is more than desirable or admirable, it is the foundation of action. In an ironic twist the emerging organizations of the 21st century are in part a throw-back to an earlier, simpler time when one's word and a handshake were the basis of business relationships. In this fast changing, complex, and sophisticated era of network organizations, global alliances, and instantaneous information sharing, organizations are dependent once again on individual integrity. There simply isn't time to wait for decisions to trundle through the bureaucracy, to draw up and sign contracts, or to check, double check, and verify every transaction. An example of this can be found in the new Saturn plant at General Motors, where "as each finished car exits the plant, Saturn's computers will automatically authorize payment to suppliers.... It does away with the invoices and mounds of paperwork involved in parts purchasing" (Treece, 1990, 61).

Integrity goes a long way in leadership, but by itself it may not be enough for dealing effectively with the increasingly diverse work force of the decade ahead. These changes are here now, and will intensify in the years ahead, making increasingly crucial the need for managers to learn to work effectively with different groups of people. Fortune reports that "over 80% of the additions to the work force in the

1990s (emphasis added) will be blacks, Hispanics, recent immigrants, and women" (Richman, 1990, 74). The implications of this change for white males who dominate management ranks are obvious, but dealing with a wide range of people will be required of whomever holds leadership positions. Effectiveness will depend on trust and credibility established with people with different backgrounds, motives, and values, and ultimately will depend on genuine respect for others.

Temperament.⁶ A person who is thrown by ambiguity, folds up in the face of criticism, goes down with setbacks, or loses confidence in tight spots will have a tough time as a leader in the stress and change of the next ten years. Of course, leaders have always faced unpredictability, opposition, and risk, and substantial research evidence exists suggesting that effective leaders are helped by self-confidence, emotional stability, and stress tolerance (Yukl, 1989, 202). There is clearly a cluster of qualities making up a temperament for leadership-- a manner of thinking, behaving and reacting that helps an individual operate with relative comfort in a job characterized by making decisions and taking chances under uncertainty, being at the mercy of uncontrollable and capricious forces, and being responsible for large numbers of people, dollars, and resources. And, while some of these qualities sound like enduring traits formed in early childhood, there is evidence that executive temperament can be learned (Howard & Bray, 1988). Wherever they come from, such personal characteristics will be even more crucial for leaders because the future will be even more demanding, personally, than the past.

Self-awareness. A recent Newsweek (1989, 53) poll discovered that 77% of those polled believe there is a heaven, and 76% think they have a good chance of getting there. Fifty-eight percent believe there is a hell; 6% think they have a good chance of ending up there. This distortion in appraising potential outcomes is not unlike the self-delusion that appears in appraising work performance. One study (cited by Von Glinow, 1988, 117) found that eighty percent of the employees surveyed believed they were in the top 30 percent of performers. The study surveyed engineers, finding that 100% of them believed they were "above average." Looking specifically at leadership, the researchers report that 70 percent of the employees rated themselves in the top 25% on leadership skills (and only 2% rated themselves "below average"). Even graduates of the Harvard Advanced Management Program demonstrate this perceptual bias. Asked how they would rate themselves compared to other executives in the Advanced Management Program, 86% rated themselves in the top 50% (Hollenbeck, 1989).

The consistency of these findings indicate that selfawareness, a realistic assessment of one's strengths and weaknesses, is neither automatic nor easy. Yet it is crucial to effective leadership, especially as situations increasingly require leaders to develop great skill at doing things like understanding other people's perspectives, empowering others, and taking risks and absorbing failures. Warren Bennis's study of how leaders became leaders documents "knowing yourself" as one of the critical characteristics of the successful leaders he studied. He concludes:

Nothing is truly yours until you understand it- not even yourself. Our feelings are raw, unadulterated truth, but until we understand why we are happy or angry or anxious, the truth is useless to us (Bennis, 1989, 61).

The idea that we must first understand ourselves to be effective with others is, of course, not new. Self-examination and the importance of understanding one's own behavior was central to Socrates's philosophy as early as 400 B.C. More recently, the Grant study of John Kennedy's Harvard class documented that the most successful among them were the best adjusted overall-- the most in tune with who they were and what they wanted, and the most likely to have effective relationships in the various spheres of their lives (Vaillant, 1977). It is no surprise then that leadership, concerned so centrally with influencing others through one's own actions, also hinges on self-awareness. For leaders, self-awareness is crucial to knowing their own limits, knowing what they really want to do and what they are willing to sacrifice to get it, taking responsibility for their own careers and growth, and being ready to seize opportunities when they appear (Howard & Bray, 1988). Answering these questions is not new to the 90's, but doing so is no less significant in the future than it has been in the past.

Constant learning.⁷ Because leadership is complex, and because the demands on leaders are constantly changing, leaders too must constantly learn, grow and change. In On Becoming a Leader Warren Bennis draws on Mark Twain to capture the current situation for leaders:

Two things seemed pretty apparent to me. One was, that in order to be a [Mississippi River] pilot a man had got to learn more than any one man ought to be allowed to know; and the other was, that he must learn it all over again in a different way every 24 hours (cited by Bennis, 1989, 101).

Heraclitus (the Greek philosopher with whom we started this chapter) shared Twain's insight, observing that a person cannot step into the same river twice. If nothing else, the enormous changes in the competitive arena have upped the ante for continual growth and change on the part of leaders. It may have been in vogue only a few years ago to focus on matching leaders to situations (e.g., Fiedler, Chemers, & Maher, 1976), but the rapid changes in recent history point up the futility of such an approach. With the rate of environmental change, matching leaders to situations would amount to a never ending game of musical chairs. The disruption involved in frequent and massive movement of managers was a painful lesson at Douglas Aircraft when McDonnell Douglas headquarters dismissed 5000 managers from their jobs and had them reapply (Vartabedian, 1989). When situations are moving targets, the leaders who fit a specific situation today will be misfits tomorrow unless they can adapt and change as rapidly as their context. Continual growth is no longer a luxury for leaders, it is a fundamental requirement. Leaders, therefore, need the attributes that allow them to adapt rapidly and effectively-- in short, to continually learn and grow.

In summary, leadership is not magic-- or at least it's not all magic. There are six basic characteristics of effective leadership that have emerged across a number of studies and provide a reasonable

platform for talking about the leadership requirements of the coming decade. These characteristics do not represent a new kind of leader-- effective leaders have always needed these abilities and a few of the very best have had them. Yet, the situations leaders face today and into the 21st century will demand more leaders with more of these skills and be less forgiving of leaders who are seriously deficient in some of them. The business world of even the recent past had plenty of room for mediocre leaders and for managers who could operate bureaucracies. The eighties may be remembered as the decade of "lean and mean" during which the Fortune 500 shed 3.2 million jobs (Henkoff, 1990), many of them managerial. Not only was much of the slack removed, but the delayered firms find themselves more dependent than ever on fewer key leadership roles and on the assumption of leadership responsibilities by lower level managers and non-managerial employees. Coupled with the ever increasing complexity of the world economy and global competition, and with the loss of sources of competitive advantage that offset leadership ability, there is simply less room for inept or even marginal leadership. We can no longer afford the price of sloppiness in the ways leaders are selected and developed. The naive belief that "the cream will rise"-- more or less-- and that adequate leadership will emerge of its own accord leaves success in this turbulent world purely to chance. "More or less" and "adequate" will not be sufficient in a world where leadership is a significant competitive advantage. Not only are more highly skilled leaders needed, significantly more of them are needed in the fewer managerial jobs. Significantly more people in non-managerial roles as well must develop and exercise leadership skills.

Fortunately, we know more about selecting and developing leadership talent than we have put to use.

Nurturing Greatness

Not everyone is cut out to be a leader, much less a leader in the turbulent corporate environment of the next decade. Not everyone is cut out to be a great pianist or Olympic runner either, but there is a significant lesson in the difference. When thinking about developing the pianist or runner, we don't think of throwing them into the toughest situations we can find and to see if they survive. When great talents are found in these spheres, they are trained and nurtured. To be sure they enter challenging competitions relative to their current level of development, but each such trial is viewed as a learning event, to be critiqued and learned from. Typical corporate practice stands in stark contrast: take promising talent, throw it into too tough assignments, stand back and watch what happens. Survivors, it is assumed, must have the right stuff or must have learned by virtue of having the experience. No great pianist or runner, no matter how naturally gifted, achieved greatness without years of practice, learning, dedication, and sacrifice (Bloom, 1985). Similar hard work is at the core of developing leadership attributes (McCall et al., 1988). It is not survival of the fittest that counts, it is development of the fittest.

Organizations, then, face two substantial challenges if they hope to have effective leaders: they must identify those who have the potential to acquire the abilities described earlier, and they must nurture them as tenaciously and carefully as any other precious resource critical to success.

But the six attributes are dearly bought. They take a long time to develop (Gabarro, 1987; Kotter, 1982, 1988), the investment required is substantial (Kotter, 1988), and the return on investment is not guaranteed. Further, the goal is a moving target, meaning that an effective leader is not a set of static attributes put in once and for all, but must be a flexible, adapting person who constantly learns. Facing situations requiring substantial adaptation is the driving force for executive learning (McCall et al., 1988), and inability to adapt is the driving force in derailing executives who have been successful in the past (McCall & Lombardo, 1983).

The ways in which the six executive abilities can be learned have been described in detail elsewhere (Lindsey, Homes, & McCall, 1987; Kotter, 1988; McCall, 1988; McCall et al., 1988; McCall, Hutchison, & Homes, 1989; McCauley, 1986). Our purpose here is not to repeat what has already been said, but rather to conjecture on what the next decade and beyond may mean for leadership development strategies. If, as we have argued, the attributes required of effective leaders are not changing so much as they are becoming more critical, then the basic strategies for developing them also remain the same. Challenging job assignments, exposure to exceptional people, emerging from hardships, and certain educational experiences remain important for developing leadership attributes (see Figure 1). But while the ways leadership abilities are developed may not change, some of the content may be quite different. Job experiences may need to reflect the changing business challenges and the increasingly international playing field. Cross-boundary movement, a development strategy that used to mean assignments in different parts of the business or in different functional areas, may now mean crossing international boundaries, working in strategically allied businesses or in partners' organizations, or managing areas with a diverse work force. Organizational delayering and adoption of high involvement strategies may mean that exposure to developmental opportunities needs to begin much earlier and penetrate much deeper in the hierarchy than it has in the past--many people who are not managers may need to develop some managerial skills or take on leadership responsibilities.

Exposure to exceptional role models is another potent developmental event. This can be accomplished by the kinds of activities described above-- frequent cross-boundary movement, widespread use of task forces, special projects, and staff assignments, and other mechanisms that create changes in working relationships. By paying attention to the structure of assignments, organizations can exercise some control over exposure to a diverse set of possible role models (McCall et al., 1988). Some organizations have tried to manipulate this process directly through formal mentoring programs. Recent work in this areas confirms how difficult it is to effectively force mentoring (Kram & Bragar, forthcoming). Indeed, organizations that create a culture for development and engage in a variety of different developmental activities are more likely to glean the benefits of mentoring as it occurs naturally.

Preparation for the future may mean that more of these models need to be from other cultures, from diverse ethnic backgrounds, and drawn from people who have mastered new contexts (e.g., network organization).

- Figure 1 -

16 Developmental Experiences

Assignments

- Starting From Scratch : building something from nothing
- Fix It/Turn It Around : fixing/stabilizing a failing operation
- Project/Task Force : discrete projects and temporary assignments done along or as part of a team
- Scope : increases in numbers of people, dollars, and functions to manage
- Line to Staff Switch : moving from line operations to corporate staff roles

Other People

- Role Models : superiors with exceptional (good or bad) attributes
- Values Playing Out : "snap shots" of chain-of-command behavior that demonstrated individual or corporate values

Hardships

- Business Failures and Mistakes: ideas that failed deals that fall apart
- Demotions/Missed Promotions/Lousy Jobs: not getting a coveted job, or being exiled
- Subordinate Performance Problem: confronting a subordinate with serious performance problems
- Breaking A Rut: taking on a new career in response to discontent with the current job
- Personal Traumas: crises and traumas such as divorce, illness and death

Other Events

- Coursework: formal courses
- Early Work Experiences: early non-managerial jobs
- First Supervisor: first time managing people
- Purely Personal: experiences outside of work

From M.W. McCall, Jr., "Developing Executives Through Work Experiences." *Human Resource Planning*, 11:1, 1988, 1-12.

Courses and formal training programs may need to deal more explicitly with differences among cultures and the implications of the international marketplace, and may become an even more crucial part of development as required technical and business knowledge increases at a rapid rate.

Some specific suggestions follow for making better use of experience in the decade of change.

Leading on Line. Start-ups (bringing something new into existence), turnarounds (fixing businesses in trouble), and big scope assignments (running large operations that are doing well) will still be crucial developmental experiences for a host of executive skills. But the future suggests that more emphasis might be placed on certain aspects of these kinds of assignments. Foremost may be carrying out these leadership roles in other countries, where success will require learning to deal effectively with a different

culture and its people. Some of these assignments (particularly start-ups) lend themselves to developing new skills by virtue of working with a partner, working on teams, or working with a diverse work force.

In an era when many companies are flatter and promotions are fewer and slower, the use of challenging on-line assignments will be increasingly important for the retention (not just the development) of executive talent. Challenge and rewards other than promotion may make lateral moves across geographic regions and types of leadership challenge (e.g. start-ups and turnarounds) even more important.

Leading by Persuasion. Projects and Task force assignments and certain staff jobs can be potent teachers of the use of persuasion and influence. As organizations form new kinds of alliances with larger numbers of other organizations across the world, executive skills based on influence rather than on authority will become even more important. Good, short-term developmental experiences may involve project and task force teams working on international issues of significance, composed of people with diverse backgrounds, or composed of representatives of allied organizations .

Projects, task forces, and staff assignments are potentially valuable learning events for two more reasons. First, because they are relatively short in duration, they make an efficient vehicle for exposing high potential people to a variety of things. For example, product planning, market analysis, financial analysis and the like have been traditional topics in developmental staff jobs. They are a particularly flexible form of developmental experience in terms of content, and lend themselves to including international exposure, dealing with new organizational forms, involving different technologies, and trying out new ideas.

Second, these kinds of assignments are suitable for younger managers and non-managers, and can be used as temporary assignments for people who would otherwise not be exposed to this kind of developmental experience. These features make projects, task forces, and staff jobs helpful for moving developmental opportunities lower down in the organization, making them available to more people, and providing development when there aren't a lot of promotions around.

Role Models. High potential managers can learn a great deal from their exposure to exceptional bosses. As suggested above, it is increasingly important that these role models reflect the diversity in the work force and in the varying cultures of the international business scene. If people are staying in jobs longer, it is still important to keep their exposure high to talented people-- whether through temporary assignments, rotations, or simply changes of bosses.

On a slightly different note, the behavior of remarkable bosses is the primary means by which the values of the organization are transmitted (McCall et al., 1988). Organizations attempting to change must make every effort to see to it that visible managers model the values they are seeking to inculcate.

Setbacks. Career setbacks, mistakes, and other hardships play a crucial role in development (Bennis, 1989; McCall et al., 1988) and the future likely holds even more of them as a) corporations withdraw employment-for-life guarantees, b) employees increasingly view careers in non-traditional ways, and c) as the changing world leaves no choice but to brave the unknown and take risks. Because learning occurs from trying something and seeing the results, corporations will have to pay more attention to how

they handle risk and error. Mistakes are inevitable and expensive developmental experiences, so it is a terrible waste to lose a high potential manager who just learned from a mistake. Corporations will have to find creative ways to handle mistakes, for example by developing temporary punishments (like ice hockey's penalty box) that allow people to recover or even by rewarding people who make "good tries." As Carlzon pointed out, "the right to make mistakes is not equivalent to the right to be incompetent" (Carlzon, 1987,83), but the opportunity to make competent mistakes is essential to development of higher order executive skills.

Coursework. Formal courses could become more crucial to leadership development than they have been in the past. The classroom has always played a pivotal role in transmitting knowledge, and the next decade promises more, not less, new knowledge. At the managerial level, organizations with exceptional reputations for the quality of their managements typically invest heavily in formal training programs (Kotter, 1988). Recently, the emphasis in the classroom has shifted to its use as a vehicle for introducing change, carrying out culture shifts, and solving crucial business problems (Bolt, 1989; Kotter, 1988). Various strategies exist for achieving these ends. It is increasingly common, for example, for organizations to design formal education programs for their senior managers that directly address crucial business issues. Motorola began an annual event in 1985 to address topics of critical concern to the CEO (Wigginhorn, 1990), and in its Motorola University has taken the ultimate step in dealing with the educational deficits of the work force.

Some organizations are using the classroom as a crucial forum for the implementation of strategic change. General Electric has used its famous Crotonville facility in this way for many years (Tichy, 1989). In this setting key managers and executives are exposed to the corporate strategy by senior executives and work on projects central to achieving strategic objectives.

In the future the classroom may become even more important for preparing for international assignments, creating project teams and helping them learn to work together effectively, and learning crucial leadership skills through simulation and feedback.

Conclusion

Our collective sin has been that we have not done a very good job of developing leaders at all, much less for an uncertain future. Fine tuning makes little sense where leadership development has not existed or has been haphazard. For the vast majority of organizations, the lesson for the 1990s is not that we need a new kind of leadership, but that we can no longer afford the mediocre leadership produced by our neglect in the past. We should be grateful indeed that a few leaders have emerged despite our practices, and hope that we can be carried by the natural talent around us long enough to develop leaders for the future. It's disconcerting to think that the leaders for the 1990s are already with us. Even if we start now, the leaders for the turn of the century are already on the job. Unless we start doing what we know how to do, we will continue to get the leadership we deserve.

FOOTNOTES

1. The author wishes to thank his colleagues at the Center for Effective Organizations, especially Ed Lawler and Gerry Ledford, for their helpful comments and suggestions on earlier drafts of the manuscript.
2. Convergence in research on the abilities crucial to "setting direction" can be found in Bennis and Nanus's concept of "management of attention" (1985), Kotter's description of "setting agendas" (1982) and "setting direction" (1990), and McCall, Lombardo, & Morrison's "setting and implementing agendas" (1988).
3. From an L.L. Bean advertisement that appeared in Newsweek, September 4, 1989, p. 9.
4. Convergence on "alignment" as the use of interpersonal skills to achieve strategic goals can be found in Bennis and Nanus's "Management of Meaning" (1985), Kotter's use of "network" (1982) "aligning people" and "motivating and inspiring" (1990), and McCall et al.'s "handling relationships" (1988). The theme of interpersonal competence as a crucial factor in leadership is, of course, as old as thought about the concept.
5. See Bennis and Nanus's "Management of Trust" (1985), Burn's "Moral Leadership" (1979), and McCall et al.'s "basic values" (1988). Credibility, integrity, and trust have long been recognized as crucial attributes by practicing executives.
6. Consensus on this set of attributes is harder to document, although extensive research has been conducted on various traits, motivational inclinations, attitudes, personal characteristics, and related topics. Bass (1981) and Yukl (1989) review these studies. McCall et al. (1988) identified a variety of learned reactions to characteristics demands of managerial jobs (such as ambiguity) and labelled them "executive temperament." In a sense, the research consensus is that managerial work is characterized by a common set of demands (see for example McCall, Morrison, & Hannan, 1978; Mintzberg, 1973), and by inference that effective leaders develop the temperament to function comfortably in that environment.
7. The requirement for constant learning and development is documented by Bennis and Nanus (1985), Howard and Bray (1988), and McCall et al. (1988), among others.

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