

Take the lead: providing leadership for the new reality.



By Michael Baker, Senior Vice President
and Regional Director of Leadership
Consulting, Lee Hecht Harrison



The challenging paradox leaders are facing today is the requirement to increase performance while responding to demands to decrease the cost of doing business. Shareholders want more profit while clients want to pay less. Leaders are struggling to meet these expectations with workforces that have been diminished during the latest economic downturn and seek assistance in finding solutions to developing, engaging and retaining key talent.

If you were to ask a leader at any level in an organization to attend a class to learn how to motivate and retain talent, most would probably roll their eyes and say, “Who’s got the time?”

Yet every business leader knows that, even if the economy were to fully recover tomorrow, the larger reality will be the same — as will the need for businesses and their leaders to adapt to that reality.

“The world is going to continue to change at a very fast pace,” according to Jon Leatherbury, Global Head of Leadership and Management Development at Hewitt Associates. “That’s going to require Hewitt to change at a very fast pace, too. I don’t know exactly what this industry will look like five years from now, but I know that it will require a lot of agility.”

Christine DiDonato, Senior Director of Talent and Organizational Development at SONY Electronics says that’s one reason, “Sony is transitioning from ‘going through change’ to ‘change is part of who we are.’ We are shifting from ‘we need a change plan’ to ‘change is a competency and is required for future success.’”

Lee Hecht Harrison recently conducted interviews with current clients to better understand how organizations are adapting to the current economy as well as to the accelerating rate of social and economic change. **Through interviews with a number of key HR leaders, LHH gathered valuable perspectives that have been summarized into six emerging trends within leadership development.**

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1. From ad hoc to focused.

It's counterintuitive, but despite the current pressures, more and more companies are putting resources into formal leadership development. The *Leadership Development Factbook 2009*¹ reported that the number of companies offering such programs increased by almost a third from the previous year.

There are a number of items driving that increase (other than the obvious fact that new leaders are a company's lifeblood). For many companies, the driver is demographics.

This has been the case at TTX, the largest railcar provider in the U.S. TTX employs about 1,200 people, of whom some 400 are salaried. "We've been in existence since 1956," says Director of Talent Development, Sabrina King. "We are a specialized company in terms of the service we provide to the rail industry. So people generally like what we do. They like the work. They come and they stay. So we are going to go through probably three or four successive waves of retirements over the next three to seven years." King's position was created in 2008 to deal with this reality.

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CHRISTINE DIDONATO, SONY ELECTRONICS



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FRED COLON, TRAVELER'S COMPANIES, INC.

Fred Colon, Vice President of Executive and Management Development at The Traveler's Companies, Inc., says, "As an organization, we're just getting used to thinking about executive development, to be honest. We have been more reactive. Now we're trying to be a lot more proactive around leadership development. There is a lot more rigor around all those practices, particularly as it pertains to building the pipeline for successful talent management." Colon adds that, while the progress they are making is not enough, "there's a higher level of consciousness" about the process.

2. Turning facts and figures into a reality.

When it comes to evaluating a leader's effectiveness and growth, numbers matter — and it's hard to imagine a scenario in which they won't continue to matter. But numbers are increasingly being supplemented. Companies still look at results, retention, 360° assessments, and the like, but more leaders are emphasizing the role of stories.

Andrew Stevens is Vice President and Head of Talent and Leadership Development at Northern Trust, a global financial services company. He says his company is "being more deliberate in capturing stories and finding heroes — bringing to life stories of great leadership within the organization that people can latch onto and understand what great leadership at Northern Trust looks like."

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Mary Blegen, Executive Vice President for Employee Engagement and Leadership Development at U.S. Bank tells the story of one female executive, a very senior leader, who signed up to be a mentor in a program U.S. Bank was starting. Then she started thinking that she wanted to be mentored herself.

"She knew she was ready to take another avenue in the company," says Blegen, "but she didn't know where. She didn't know how." On top of that, she began to wonder if she wanted to bare her soul to someone who could be a peer, or to someone a level above her. There was a lot of risk involved.

But Blegen states, "She took the risk, and it turned out to be a very dynamic relationship with that other leader. They kept it in confidence and, at the end of the day, she moved into a role that everybody said, 'She did what?' And she just loves it."

Numbers will continue to be the bottom line, but it is stories that inspire leadership and development, and more and more executives understand that.



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3. Striking a balance with social media.

Many organizations have already been adapting to the realities of Facebook, LinkedIn®, and other social networking media. How exactly all this will play out in the leadership development arena is still unclear, but companies are increasingly blending their traditional learning models — classrooms, coaching, and the like — with virtual and electronic resources.

Sony's DiDonato says her company plans to combine traditional leadership forums like classroom and coaching, with technology. "We'll make the most of blended learning solutions, social networking technology, and practical application to be cost-effective and utilize employees' time as efficiently as possible."

U.S. Bank's Blegen says that generational dynamics and time constraints are coming into play. "Traditional training works, but it's working far less than it did in the past." She adds that it's crucial to see this through "the generational lens" because of the younger generation's comfort with social networking, blogging, and Web 2.0 applications.

"Our young leaders learn almost as they go along in a real time," she explains. "Their attitude is, 'I'll hit it when I need it, but I know where it's stored. I don't necessarily have to retain it, because I know exactly where I can go back and pull what I need when I need it.'"

The *Leadership Development Factbook 2009* adds that, while coaching and mentoring are more common among senior-level leaders and executives, "communities of practice, wikis, and blogs are more highly adopted at the lower levels — likely because these are typically younger individuals who...embrace technology."

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MARY BLEGEN, U.S. BANK

As Blegen concludes, “A blended approach — moving more towards the online, the virtual — will absolutely be there more in the near future.”

4. Getting up close and personal.

Colon uses a variety of methods to help develop leaders at Traveler’s — feedback-intensive programs, skill-based training, 360° feedback, developmental assignments, and developmental relationships. But he says, “As we think about these individuals, we think about them in the context of those five elements — and what would be most beneficial to developing *that individual*.”

Executives are increasingly aware of the need to tailor their leadership programs to the individuals who need them. “The last few times I think I have delivered stuff it’s been too generic, too big-program oriented,” states TTX’s King. “Now I’m optimistic that we will have more of a long-term and ongoing impact, because our programs are going to be highly personalized.”

In a recent LHH article entitled, “Emerging Leadership Practices: Responding to Changing Demands,” Christi Olson interviewed a number of senior HR global business leaders and professionals. When she asked what leadership behaviors they were most looking for now, the executives said that one (of six) was: “Developing a personal touch.” By that they meant that “leaders need to express interest and spend more time with their direct reports and/or work team colleagues getting to know them on a more personal level in order to assist in their

development and engagement. They recognized that retention is a product of leaders knowing their people.”

Stevens of Northern Trust says developing this sense of personal trust is woven into the personality of the corporate culture. “We’re putting a greater emphasis on networking and exploring different types of mentoring. Mentoring is really in the DNA of Northern Trust, so we’re looking at unique ways of leveraging the strength.”

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5. From problem coaching to skills coaching.

Clearly the most intensive and directed individualized training occurs through executive coaching. Studies have shown that organizational coaching enables a leader’s ability to inspire and influence followers. According to John Bennett and Mary Wayne Bush, in a recent publication titled, “Coaching in Organizations: Current Trends and Future Opportunities,” studies show that executive coaching helps managers and executives “successfully deal with difficult performance and team issues, and frees up time for strategic thinking through more effective delegating.”

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So it makes perfect sense that another of the six priorities of global HR business leaders was an increased valuing of coaching. They want “their CEO and senior leadership team to embrace coaching as a positive and effective way to increase performance and retention for high potential leaders.” And it’s why, according to Bennett and Bush, that “coaching is now firmly established as one of the top five leadership developmental choices in large organizations.”

That doesn’t mean all organizations are following this practice, but it does indicate that companies small and large are giving it more focused attention than ever. This implies two things.

First, it suggests coaching needs to be offered further down in the organization. It’s no longer confined to senior executives. “Three years ago, there was basically no coordinated coaching (at Hewitt),” says Leatherbury. “Now we have a strategy. We’ve also taken coaching deeper. We now have signature programs that bring coaching down deeper into the organization, into the director level.”

Second, it suggests that coaching is not just about fixing problems. “We want a coaching culture here,” affirms Traveler’s Colon. “Not coaching that happens in response to something that hasn’t worked, but is proactive and developmental and more ongoing and consistent.”

U.S. Bank’s Blegen says the same, “Previously, we were pretty traditional and, like many companies, used executive coaches if somebody was struggling with something. We’re trying to change that. We’re trying to be a little more purposeful, saying, ‘Boy, this person has really good skills; we think they can even get better.’”

6. The next evolution of leadership development.

“Getting better” is more challenging than ever. “The rate of change that goes on in the world and in the workplace means that leaders of tomorrow will really not have all the answers,” says Stevens of Northern Trust. “They’ll be leading through a lot more ambiguity.”

That will demand a change in the way leaders lead, but also in the way they learn to lead. “We’re doing a lot to help leaders create dialogue with their teams and with others within the organization to get to know those answers, rather than managers just knowing the answers. They won’t anymore,” says Stevens. “Emerging leaders will have more responsibility with less experience.”

Stevens shares a recent story from his company. An executive moved into a leadership position in London. She was six months into the job, and opened up an additional division in the company’s Bangalore operation. Suddenly, she was not only learning how to manage people halfway across the world, she was also now taking responsibility for an entity in another culture, and with a culture of its own.

“It’s the rate at which we are changing and the environment around it,” says Stevens. “There’s a much, much greater likelihood that the scope or complexity of that role will change in a far shorter space of time.”



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In a recent Fortune article, “How to Build Great Leaders,” Senior Editor at Large Geoff Colvin put it this way, “There’s no better time than a historic recession to push people outside their comfort zone.”

As leading executives will tell you, it’s not just the recession that is pushing everyone to adapt. Whatever the primary cause, just a few words sum up how leading executives are adapting: focus, stories, cyberspace, and people. And it’s that last word — people — that drives the other three.

For Hewitt’s Leatherbury, it all comes down to the individual. “That’s the only unit of analysis. If you try to do something beyond that individual

— say you target a hundred individuals — it just gets watered down. You’re losing so much of the individual motivation. So my unit of analysis is one; you build outstanding things by focusing on each individual.”

The leaders interviewed clearly understand the developmental needs of individuals and the importance of aligning them with their organizations’ business strategies. The overarching challenge is consistent — to accelerate the necessary development of leaders at all levels by providing cost-effective yet sustainable solutions for their national and global workforces. It’s time to take the lead and to provide leadership for the new reality.

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JON LEATHERBURY, HEWITT ASSOCIATES



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