



Mpowerment Matters

April 2006

Management Mpowerment Associates

Forward to a Colleague



David Sorin, CEO
Management Mpowerment Associates

As an avid sports fan, I am always fascinated with the instability of the managerial and coaching positions within organizations. How often do we see a Coach of the Year "overstaying his welcome," or being fired after that record season? How does someone so skilled and smart get dumb so fast?

Amazingly, there are numerous analogies in the corporate world. A CEO does a great job for a few years, and then the results stop looking so good. The board members, with shareholders looking over their shoulders, see the need for a change, and look for a successor. How does this work? Why did the executive lose effectiveness?

There are definitely different stages in a company's life cycle, and the leadership skills and competencies suitable at one stage may not suffice at another stage. Likewise, times are becoming more and more turbulent, and executives have to move forward faster with the market changes, or get left far behind.

Furthermore, entrepreneurial companies may get entrenched in their niche, forgetting what got them there, and become the establishment rather than the disrupter. Leadership competencies have to align with the needs of the organization at all times for the match to succeed.

If an organization's leaders are doing strategic planning and thinking deeply about its future, they will recognize and anticipate the stages of growth, and the changes the organization will need to succeed in those stages. They will also anticipate what new and different competencies are needed to guide the company through those stages. If those competencies do not already exist in the C level, they will have to be cultivated and developed from the lower ranks in a timely manner. The Board will need to be involved in the process, either pushing the leaders to develop their own competencies, or being very involved in leadership development and succession planning.

Jack Welch, while CEO of General Electric, instituted the most advanced leadership development program in corporate America. He wanted his leaders to embrace change and embrace speed. He wanted them to develop and grow, and to help the company develop and grow.

Leadership development, change management and succession planning are key issues for companies of all sizes. Management Mpowerment can help you navigate through these waters, helping you grow your business the way you want and insure its ongoing existence and success.

Winning the War for Leadership Talent

The demand for leadership talent greatly exceeds supply. If economic growth continues at a modest 2 percent for the next 15 years, there would be a need for *one-third more* senior leaders than there are today.

Baby boomers have already started to retire. Most large companies will have to scramble to meet gaps in senior leadership talent.

The global and more dynamic economy of the 21st century requires executive talent with a more complex skill set:

- Greater technological literacy
- A sophisticated understanding of global marketplaces
- Multicultural fluency
- Relationship savvy, with extensive networks of alliances and stakeholders
- Leadership skills over a delayered, disaggregated and virtual organization

Succession Planning in the 21st Century

In response to these challenges, organizations have a renewed interest in succession planning systems. While these systems functioned merely as replacement charts in the past and were HR executives' function, there are two critical differences today, emphasizing:

1. Leadership development at all levels (not just senior executives)
2. Responsibility and involvement for leadership development within the work group, with the person's manager and team members (and no longer an HR function)

Internal training, mentoring and other developmental programs aren't keeping the talent pool adequately full. What's needed is an approach that develops people at all levels. Organizations must promote people from within the organization to successive levels of leadership responsibility.

Distinct Leadership Levels

Most development models fail to consider leadership requirements at all levels. As a person is promoted from line manager to business manager to functional manager, skills and requirements change.

Companies mistakenly focus on leadership traits, styles and technical competence. They commit a major error when promoting successful individuals without acknowledging required skill sets.

The Leadership Pipeline

Hiring gifted people makes sense as a tactic, but not a strategy. Companies need to build leaders, not buy them. Research and experience demonstrate that *potential is not fixed*.

Potential is the kind of work someone can perform in the future, and it's a dynamic concept. Future work potential is based on accumulated skills and experience, as evidenced by past achievement, ability to learn new skills and willingness to tackle bigger, more complex or higher-quality assignments.

The more people achieve, the more they learn. Their willingness to tackle new challenges increases. To capitalize on potential, companies must define the true work requirements at each key leadership level. Succession planning systems must spell out what's needed to make a successful transition from one layer of leadership responsibility to the next.

Pipeline Passages

The starting point is understanding the natural hierarchy of work that exists in most organizations. In most large, decentralized business organizations, this hierarchy consists of six career passages or "pipeline turns," as described by Charan, Drotter and Noel in their book *The Leadership Pipeline*:

- Starting Point: Managing self
- Passage 1: Managing others
- Passage 2: Managing managers
- Passage 3: Functional manager
- Passage 4: Business manager
- Passage 5: Group manager

- Passage 6: Enterprise manager

Recognizing the requirements and pitfalls associated with each leadership passage is crucial for both leaders and their bosses, who can then provide better coaching and differentiated accountability.

The Pipeline Perspective

As you become familiar with each leadership passage, you'll find yourself thinking about careers and succession planning development with a fresh perspective. This will provide insights into how to fill your leadership pipeline. You can structure a process to develop leaders on all levels and ensure they're working at the right levels.

Each passage requires people to acquire a new way of managing and leading, which emphasizes:

1. **Skill requirements** - new capabilities required to execute responsibilities
2. **Time applications** - new time frames that govern how one works
3. **Work values** - what people believe is important; the focus of their efforts

Organizations are therefore challenged to place people in leadership positions that are appropriate to their skills, time applications and values.

The Leadership Pipeline and Succession Planning

Replacement planning is still the norm in organizations, but it doesn't address the leadership issues these companies face. Most jobs must change to keep pace with newly evolving markets, products, business structures and leadership requirements.

To increase your succession planning effectiveness, follow these guidelines:

1. **Focus on performance.** High performance is the admission price for future growth and development. Full performance across all leadership levels is the succession planning objective.
2. **The pipeline demands a continuous flow.** Succession planning must include all leadership levels.
3. **Pipeline turns (passages) must be fully understood.** People need to work at the right level. This cannot be determined until skills, time applications and work values for each level are clearly communicated and assessed.
4. **Consider short- and long-term simultaneously.** Both are critical.

Succession Planning to Fill the Pipeline

The following five-step plan will facilitate succession planning:

1. **Tailor the leadership pipeline model** to fit your organization's succession needs. Substitute your company's titles for the leadership passage terms used here. The six leadership passages may accurately be only five (or more) at your company.
2. **Translate standards for performance and potential** into your own language. Clear, detailed, unambiguous standards greatly enhance succession and development planning, offering managers better ways to communicate with subordinates who under perform or believe they should be on a faster track.
3. **Document and communicate these standards** throughout the organization. When people understand the standards for judging potential and performance, they know what they must do to advance.
4. **Evaluate succession candidates** through a combined potential-performance matrix. This enables senior managers to consider all direct reports during their succession planning-not just the supposed "high-potentials."
5. **Review plans and progress** of the entire pipeline frequently and seriously. Ideally, your organization will have at least one annual succession meeting that revolves around this performance-potential evaluation, as well as quarterly reviews and monthly action reporting.

David Sorin
Management Mpowerment Associates

Subscribe
Mpowerment
Matters

David Sorin: Management Mpowerment Associates
658 Thomas Jefferson Rd.
Wayne , PA 19087
610.783.5305
email David Sorin | Visit Management Mpowerment
Associates

Un-Subscribe
Mpowerment
Matters

Mpowerment Matters is delivered strictly on request.
You may subscribe or unsubscribe at any time.
Your email address is never provided to other parties.

Produced and Distributed by CustomizedNewsletters.com and GrafiQuest.com