

Investing in Leadership Development

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To ensure growth and competitiveness, it is necessary for companies to make investments in leadership talent. The positive economic momentum currently under way runs the risk of being impeded or dislodged by a lack of talent. The success of the turnaround depends on whether or not organizations have the right talent in place, and effective leadership is at the core of such decisions. Even first-mover advantages are erased with increasing speed as an organization's products, services, technology and business models can be quickly replicated. The talent organizations' employ has emerged as the single most important element of sustainable differentiation.

In the changing world of work, the one constant is the need for an exceptional workforce. This is regardless of the economic environment, industry or geography, an organization's size or earnings. At the heart of workforce strategy is the need for exceptional leadership. And in today's borderless marketplace, this means leaders with global mindsets and competencies.

There's a growing body of research that is helping to shape leadership development into more of a science than an art. ManpowerGroup surveyed over 1,400 CEOs and human resource professionals from 707 organizations across the globe to learn more about their companies' leadership development practices.

We asked respondents to rate which of the most commonly suggested competencies were the four most critical for several typical C-level positions. The top four competencies for CEO roles were Creating a Strategic Vision (91.7%), Inspiring Others and Maintaining Leadership Responsibility (62.3%), Developing an Accurate and Comprehensive Overview of the Business (56.9%) and Decision Making (54.5%).

Human resource professionals can directly contribute by building and implementing relevant and accelerated development opportunities for high-potential leaders so that they receive

the requisite exposure to the real-world experiences of strategic leaders while also gaining an introduction to executive stakeholders at the most senior levels of the business. Leadership development today needs to be grounded in real work and focused on the top competencies required for success in different C-level roles.

Human resource professionals need to partner up with line leaders in such a way as to ensure the application and integration of development activities, supported by stretch assignments, mentoring opportunities and action learning efforts. Real-life work situations need to be carefully selected in order to develop the right parts of the success profile for high potentials. It also necessitates human resources to create predictive and validated criteria, supported with consistent metrics, to better evaluate the performance of high potentials in real-life situations.

Factors That Lead To Derailment

Leadership turnover for non-performance or other leadership dissatisfaction issues continues to be higher than planned, especially since choices regarding senior leadership could be considered some of the most important corporate decisions a company can make. To gain some insight into the possible sources of succession risk factors, we asked for the views of the senior human resource executives who responded to our survey. Arguably, they have a unique vantage point as insiders (with a more intimate view), but they are still somewhat external to the risk factors they may observe. The table below ranks the factors believed to contribute most to the failure of senior leaders in their organizations.

If leadership success is accepted as being critical to an organization's performance, why is so little support given to leader on-boarding and early development? Do leaders need a deliberate and effective on-boarding process to integrate them into a new level of responsibility even if they are internally promoted, much as new employees often benefit from well-conceived integration into a new company and position? We were surprised to see that human resource executives across the board identified a lack of company support as a leading new leader risk factor regardless of where that individual was recruited or promoted from. This may suggest a "sink or swim" approach or that some organizations assume that selecting the right individual is sufficient. They may assume that if they made the right selection, the individual will immediately assume responsibility for his or her own success. It may also mean that the selection criteria were inadequate and focused too much on experience and job knowledge with too limited a concern for readiness from the people-management side of the leader's new responsibilities.

Consequences For The Business

The costs associated with failure (at worst) or ineffective executive transitions are high, and lack of adequate support for talent during crucial periods can have long-term negative impacts for both leaders and the organization. Leaders need to be supported to fully understand the impact of their efforts and, in some cases, lack thereof. Leadership behaviors directly influence employee engagement levels. Continued lower levels of success for internal promotions can have a two-pronged negative effect on the organization:

1. Dissuade high potentials from believing in their ability to succeed in an organization that

fails to support their succession.

2. Build discontent with internal talent as a result of increasing promotions of external candidates.

In that case, human resources must continuously build the business case for a strategy that appropriately blends and ensures success for internal succession as well as integrates external talent. Providing needed support (in partnership with senior operational leaders) for emerging talent during succession is essential to transitions, which can be both emotionally and physically challenging for new executives. Knowing the leadership competencies required for success today and in the future, as well as a sound understanding of the factors that most likely lead to derailment, will provide for a formidable talent development strategy that can deliver on growth and business transformation.

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