



SHRM FOUNDATION'S EFFECTIVE  
PRACTICE GUIDELINES SERIES

# DEVELOPING LEADERSHIP TALENT



A GUIDE TO SUCCESSION PLANNING AND  
LEADERSHIP DEVELOPMENT

**SHRM**<sup>TM</sup>  
**Foundation**  
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# DEVELOPING LEADERSHIP TALENT

A GUIDE TO SUCCESSION  
PLANNING AND LEADERSHIP  
DEVELOPMENT



by David V. Day, Ph.D.

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# FOREWORD

## Dear Colleague:

As a busy human resource professional, you probably find it difficult to keep up with the latest academic research in the field. Yet knowing which HR practices have been shown by research to be effective can help you in your role as an HR professional.

That's why the SHRM Foundation created the *Effective Practice Guidelines* series. These reports distill the latest research findings and expert opinion into specific advice on how to conduct effective HR practice. Written in a concise, easy-to-read style, these publications provide practical information to help you do your job better.

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**Frederick P. Morgeson, Ph.D.**

Chair, Research Applications Committee  
Professor of Management  
Michigan State University



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## CONTENT EDITOR

**Frederick P. Morgeson, Ph.D.**  
Professor of Management  
Eli Broad College of Business  
Michigan State University

## PROJECT MANAGER

**Beth M. McFarland, CAE**  
Manager, Special Projects  
SHRM Foundation

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## REVIEWERS

**Berrin Erdogan, Ph.D.**  
Assistant Professor of Management  
School of Business Administration  
Portland State University

**Mark Fogel**  
Corporate Vice President, HR and  
Customer Care  
Leviton Manufacturing Co., Inc.

**Robert J. Greene, Ph.D., SPHR,  
CCP, CBP, GRP, GPHR**  
Chief Executive Officer  
Reward Systems, Inc.

**Elinor K. Hite**  
Strategic Director, Human  
Resources & Organizational  
Development  
YMCA of the USA

**Robert C. Liden, Ph.D.**  
Professor of Management  
University of Illinois at Chicago

**Daphne Logan**  
Vice President, Human Resources  
America's Second Harvest





## ABOUT THE AUTHOR

### DAVID V. DAY



David V. Day is Professor of Organisational Behaviour in the Lee Kong Chian School of Business, Singapore Management University. He has also held positions as Adjunct Research Scientist for the Center for Creative Leadership and Senior Research Fellow for the U.S. Army Research Institute Consortium of Research Fellows.

Dr. Day has published more than 50 journal articles and book chapters, many pertaining to the core topics of leadership and leadership development. His research has been published in the *Journal of Applied Psychology*, *Personnel Psychology*, *Academy of Management Journal*, *Journal of Management* and *Leadership Quarterly*, among other journals. Dr. Day serves on the editorial boards of *Human Performance*, *Journal of Applied Psychology*, *Journal of Management* and *Personnel Psychology* and also serves as Associate Editor of *Leadership Quarterly* and *Human Resource Management Review*.

He is a Fellow of the American Psychological Association and the Society for Industrial and Organizational Psychology. Dr. Day maintains membership in the Academy of Management, Asia Academy of Management, Southern Management Association and the International Association of Applied Psychology.

Dr. Day is the lead editor on the book *Leader Development for Transforming Organizations: Growing Leaders for Tomorrow* (Lawrence Erlbaum Associates, 2004) and the forthcoming book *An Integrative Theory of Leader Development: Connecting Adult Development, Identity and Expertise* (Psychology Press, 2008). He served as a civilian member of the U.S. Army Training and Leader Development Panels recommending future directions for officer, non-commissioned officer and Army civilian training and development. Dr. Day received his Ph.D. in industrial and organizational psychology from the University of Akron in 1989.



Effective succession planning involves more than just a replacement planning process. It also includes a comprehensive employee development system.

*Developing  
Leadership*



## DEVELOPING LEADERSHIP TALENT

An advertising campaign a few years ago promised “no surprises” in a hotel chain’s hospitality services. That is a motto that most HR professionals would embrace. Unfortunately, surprises are inevitable. When a key employee announces that she is leaving the organization, effective immediately, it could be one of those nasty surprises that create incredible turmoil. Not only was this person anointed as “high potential” (i.e., having the potential to be developed for a senior leadership role) and slotted for a more responsible upper-level position, her departure can create a domino-like effect that leaves leadership gaps all along that succession line. Despite the inevitability of surprises, what matters most is how the HR function is prepared to respond in such occasions.

The foundation for coping successfully with staffing surprises is succession planning. Organizational survival in a globally competitive environment depends in part on having identified and developed replacements (i.e., successors) for key positions.<sup>[1]</sup> This is the essence of succession planning. A more formal definition of succession planning is the process of identifying one or more successors for key positions and preparing them for expanded organizational responsibilities through job assignments and other developmental activities.<sup>[2]</sup> The part of this definition regarding preparing individuals for expanded responsibilities overlaps with what is typically considered as leadership development—broadening the capacity of an individual to be effective in leadership roles and processes.<sup>[3]</sup>

When an event such as a surprise resignation occurs, it is impossible to jumpstart a dormant succession system. This is because effective succession planning involves more than just a replacement planning process. It also includes a comprehensive employee development system.<sup>[4]</sup> When a sudden leadership void is experienced, it makes no sense to then start the development process. It is too late, because proper development can take months or even years. For this and other reasons, succession planning and leadership development initiatives must be linked in explicit and coherent ways to best manage the leadership talent of an organization.

Now consider what happens in the event of a surprise resignation when there is an integrated succession management initiative in place. In such cases, the loss of any one individual is not so traumatic to the organization because of a greater overall capacity for leadership. There is the capability to fulfill the job responsibilities of the person who is leaving through existing employees, at least temporarily. There is not one person but any number who can step in and assume part or all of the open job responsibilities until a successor can be appointed either from the inside or as an external hire. An implication of this deep leadership capacity is that no one is irreplaceable. Indeed, the greater the number of irreplaceable employees in an organization the more at risk that organization is to turnover trauma.



## Death of the “Irreplaceable” CEO Successor

**Organization:** Kerzner International Ltd

Kerzner operates One&Only luxury hotels with properties in Mexico, Maldives, Mauritius and other locations.

**Headquarters:** Bahamas

**Founded:** 1993 as Sun International Hotels, Ltd.

**2005 revenues:** \$745.7 million

**Executive chairman and founder:** Solomon “Sol” Kerzner (age 71)

**Handpicked successor:** Howard “Butch” Kerzner (age 42, son)

The leadership future had been planned and everything was looking good for Kerzner International. The aging and sometimes embattled chairman/founder had appointed his popular and talented son Butch to be his successor. The elder Kerzner was planning on easing into retirement.

Tragedy struck when Butch was killed in a helicopter crash while surveying sites for a new luxury resort in the Dominican Republic on October 11, 2006. Shortly after Butch's death, Kerzner received word that a proposal for an integrated resort in Singapore, which was being championed by Butch, had been rejected by the Singapore government. This was

a vital project for the company's future, and it suddenly vanished. On top of it all, the company was again faced with a dilemma of who would succeed the founder. Instead of a 42-year-old CEO who had been carefully developed for the job over many years, the company would be led by Sol Kerzner and Paul O'Neil (age 61), who was coaxed out of retirement to help fill the leadership void left by Butch's death.

### What this case illustrates:

- The potential problem of investing all development efforts into a single successor—no matter how talented—and not developing a broader capacity for leadership or a deeper leadership pipeline.
- The inability to jumpstart a dormant or inactive succession process when there is a crisis.
- Succession surprises are not limited to the sudden departure of the incumbent CEO (in this case). Why did no one ask the obvious question in advance: What would happen if Butch died? Would more detailed scenario planning have helped foresee this particular form of turnover trauma?

**Source:** *The Wall Street Journal*<sup>[5]</sup>

“Death of the ‘Irreplaceable’ CEO Successor” provides an example of an organization that pinned its succession hopes on one very talented individual only to have tragedy strike. Surprises do not only happen when the CEO or other key employees suddenly quit or retire. As the case illustrates, there are dangers of designating only one possible successor to a key position, regardless of its level.

Leadership bench strength, the leadership pipeline and leadership capacity are popular metaphors for the underlying issue of ensuring that an organization's leadership is adequately developed to face current and future challenges. Regardless of the term that is used, the particular concept emphasizes that leadership is not centralized in a single or small number of individuals. It begins with the belief or organizational norm that leadership is everyone's business. Why? Because the kinds of challenges faced in today's globally competitive environment are way too complex for any individual to figure out alone. In order to survive and thrive, successful organizations must be keenly aware of their leadership talent and how to best develop it across all levels. Succession planning and leadership development are key processes in assessing and developing an organization's leadership talent.<sup>[6]</sup>

# BUSINESS CASE FOR SUCCESSION PLANNING AND LEADERSHIP DEVELOPMENT

*“The rate of change is not going to slow down anytime soon. If anything, competition in most industries will probably speed up even more in the next few decades.”*

JOHN P. KOTTER  
AUTHOR, *LEADING CHANGE*

*“It’s very odd to me. The assets walk home at night. If people are your most important asset, you ought to develop them. It’s Goldman’s philosophy that not only do people have to be developed, it ends up being a huge competitive advantage.”*

STEVE KERR,  
CHIEF LEARNING OFFICER,  
GOLDMAN SACHS

Before joining Goldman Sachs, Steve Kerr was a prominent figure running GE’s legendary Management Development Institute at Crotonville—the world’s first major corporate university—during Jack Welch’s tenure. Kerr argues that intensive employee development is a “huge competitive advantage” in terms of recruitment as well as retention, in addition to building the leadership capacity needed to stay competitive in today’s business environment. Regardless of industry sector, there are several overarching and interrelated reasons why succession planning and leadership development are crucial concerns.

*Speed of change* is increasing, and the *type of change* that organizations experience is likely to be radical and discontinuous. This argues for greater shared leadership in organizations. Shared leadership supports more effective change management in terms of both sensing needed organizational changes and building momentum for change more quickly than relying on a single change leader.<sup>[7]</sup>

*Complexity in the challenges* faced by organizations across most industry sectors is increasing exponentially. This has resulted in the heightened feeling of “vu jade” (as compared with déjà vu)—I have never been here before, I have no idea what is happening, and I don’t know who can help me.<sup>[8]</sup> Such complexity typically exceeds the capacity of any single leader to make sense of and develop workable solutions.

*Task migration* occurs whereby traditionally higher-level leadership responsibilities are transferred to leaders at lower levels. This is partly a function of the trend toward redesigning flatter organizations in which greater leadership gaps become apparent, but it is also due to greater speed and complexities of challenges. What was typically handled by senior leaders in the past has been handed down to junior leaders so the former can focus on even more complex issues.

Every managerial employee should have an individual development plan and be held accountable for making progress on it every year.

*Recruitment and retention* are tied to issues associated with whether employees feel that their professional potential is being developed and used in the best possible way. Having opportunities across the organizational spectrum to participate in leadership development efforts is something that can provide an incentive to join and remain with an organization.

#### Major Reasons Why Succession Planning and Leadership Development Are Important

- Rapid, radical and discontinuous change
- Increasingly complex challenges
- Greater leadership responsibility at lower levels
- Recruitment and retention of the best talent

These factors are the primary drivers behind the need for effective succession planning and leadership development, but there are potentially many others that could be included. Rather than providing an exhaustive list to try to justify the business case for development, it might be more persuasive to imagine the future of your organization if you did not engage at all in succession planning and leadership development. What would be the odds of long-term survival and success? The ultimate sin is to do nothing; however, there are difficult

challenges associated with designing and implementing an integrated succession planning and leadership development system. What follows is an overview of the key criteria of an effective system and some of the most pressing challenges associated with each factor.

#### KEY ASPECTS OF AN EFFECTIVE SUCCESSION MANAGEMENT SYSTEM

**Formal:** A formal process is one in which the key pieces are standardized throughout an organization. An informal process occurs in an unplanned and ad-hoc manner. There is a risk of succumbing to informal, ad-hoc development approaches that place the entire burden for development onto the individual employee. While it is important for employees to accept final responsibility for their development as leaders, without a formal process that links experiences with expected developmental outcomes, there is no oversight in terms of what is being developed and when. The use of informal succession planning processes also risks wasting time and money in terms of potentially developing the wrong things in the wrong people. Informal often means reactive and opportunistic. Formal systems require organizational discipline to design, implement and sustain. The result can be instrumental in buffering an organization from succession surprises, and it can be a source for competitive advantage in other ways (e.g., recruitment, adaptability).

**Systemic:** An overall systems-wide perspective on leadership development helps to build a broader leadership capacity and a deeper pipeline of leaders. The focus is not just on those at the top but includes most or all management levels. There is a related tendency to focus attention on high-potential employees. This makes sense in terms of potentially maximizing the return on investment (ROI) from developmental efforts. On the other hand, an unintended consequence is that it allows a significant part of the organization to atrophy. Bill Drath from the Center for Creative Leadership has made the point that leadership development efforts too often are like focusing on the whitecaps in the ocean and entirely missing the unseen force of the deep blue sea.<sup>[9]</sup>

**Systematic:** The most effective succession planning and leadership development initiatives are connected across levels into a coherent whole. There is a roadmap for development such that the skills, competencies, attitudes and perspectives that are developed at one level are built upon at a higher level. By being systematic, the development initiative builds explicit linkages across leadership levels. Succession planning also incorporates diagnostic tools and methods for assessing the developmental readiness of employees for particular experiences.

**Tailored:** Overly generic leadership development initiatives lose sight of the universal importance of individual differences in developmental readiness. People differ in the extent that they are ready for developmental “stretch” assignments that are at the core of many of the most effective leadership development initiatives. When it comes to succession management, Jack Welch was probably the best known CEO-champion of tailored succession management. His Chief Learning Officer at the time (Steve Kerr) claimed that Welch “knows intimately” the career paths of more than a thousand employees in GE and would spend fully one quarter of his time on the GE succession planning process known as *Session C*.<sup>[10]</sup> This level of CEO involvement in succession planning is extraordinary and probably unlikely in most other organizations. At minimum, however, every managerial employee should have an individual development plan and be held accountable for making progress on it every year.

**Experientially based:** Leadership development is not a discrete event. Rather, it is a significant part of ongoing work-related experience. Research shows that executives find learning from work-related experience to be a more powerful force for their development as compared with classroom-based learning.<sup>[11]</sup> State-of-the-practice development focuses on helping

leaders learn and develop from their work experiences rather than taking them away from their work to develop.

This section has provided a general overview and introduction to some of the issues and challenges associated with succession planning and leadership development. The next section will delve into the area of succession management in more detail before turning attention to leadership development and a final section on general conclusions and guidelines.



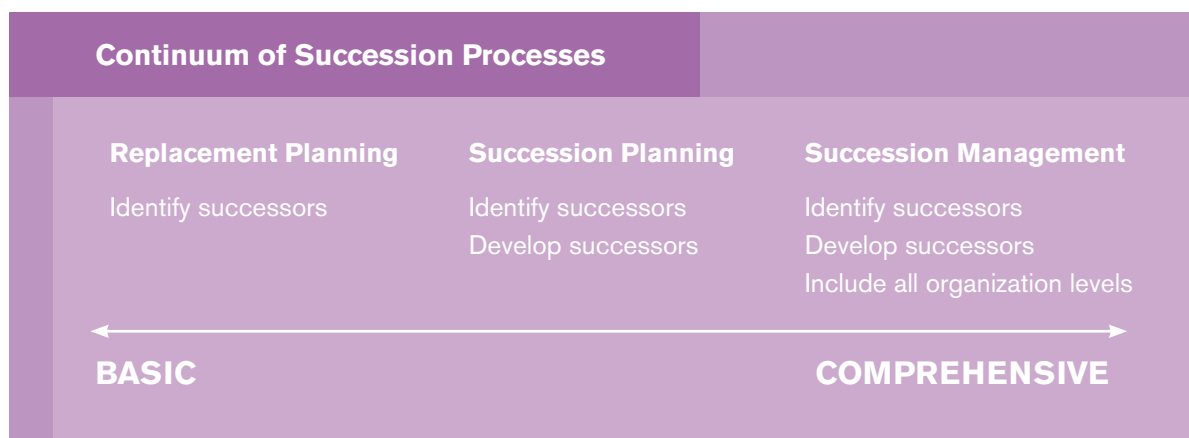
# Succession

## SUCCESSION MANAGEMENT, NOT JUST PLANNING

*“Succession planning cannot take place in a vacuum. It should also be an intensive, comprehensive initiative, much more than a preparation of a list of names that will be tabled if the CEO is hit by a bus. Similarly, succession plans will not increase the productivity growth rate of the firm if they are designed only to allow the internal auditor to tick the box: succession plan in place.”*

PAUL CANTOR,  
FORMER CHAIRMAN,  
RUSSELL REYNOLDS ASSOCIATES CANADA<sup>[12]</sup>

Different succession processes can be placed on a continuum ranging from relatively simplistic and bounded to relatively complex and comprehensive.<sup>[13]</sup> At the most simplistic end of the continuum, *replacement planning* denotes a minimal succession approach in which successors (i.e., replacements) are identified at the top two or three managerial levels, but there is little or no development of those successors other than ad-hoc on-the-job experience. The focus is on forecasting, with no attention to development issues. *Succession planning* falls near the middle of this continuum of succession processes. It is more systematic and extensive than replacement planning because it is linked with intentional development initiatives targeted at successors; however, it is mainly for the top two or three management levels, like replacement planning. *Succession management* anchors the most comprehensive end of this continuum in that it identifies successors (replacement planning), develops them (succession planning) and is also directed at all organizational levels. The overarching goal of succession management is to have a pool or pipeline of prepared leaders—and not just a list of prospective candidates—across all organizational levels to fill vacancies in key positions when needed.



A well-designed and rigorously implemented strategic management process is “mission critical” to achieving organizational goals.<sup>[14]</sup>

Consider data from the Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)) indicating that 32 million workers are over the age of 50 and that fully 40 percent of workers will be retirement-eligible in the next five years in the fields of health care, manufacturing and government services. Couple these data with estimates that approximately two-thirds of external senior management hires fail within the first 18 months on the job. Taken together, these facts point to an aging and mobile workforce where successful performance at higher levels cannot be assumed.

Succession management helps to provide continuity in the leadership pipeline and to develop a deeper capacity for leadership and performance. But to implement an integrated and effective succession management process there first needs to be an explicit link drawn between what the organization values as talent and the core strategies of that organization. After this has been accomplished (which is no mean feat), an honest and thorough evaluation of the organization’s talent pool and developmental needs is conducted.

Although it might be tempting to jump right into a succession management process, there are key questions that first need to be answered.<sup>[15]</sup> Without some shared understanding of what these questions mean to your organization, there is little sense in trying to implement a succession management system. Informed answers to these questions form the foundation of the organizational context in which the succession management system resides. If the answers to these questions are ambiguous, contentious or otherwise open concerns, then there is no internal compass for the system and it will likely fail.

### Key Questions Impacting the Design of Your Succession Management System

- What is a key or “corporate-critical” position?
- What constitutes a high-potential employee?
- What are the common aspects of exemplary job performance?
- How should the organization fill key positions?
- What percentage of open positions should be filled from within the organization?
- What percentage of key positions should have at least one identified successor?
- How should high-potential employees be prepared for advancement?
- How desirable are international assignments for designated successors?
- What are the respective roles and responsibilities of employees and HR in the process of preparing high-potential employees and designated successors?
- How important are individual employee career goals and objectives in the succession management plan?
- How open and transparent should HR be in communicating with individuals who are identified as high-potentials and designated successors?

## EFFECTIVE SUCCESSION MANAGEMENT SYSTEMS

This section outlines the approaches of two successful organizations to the succession management process (Dow Chemical and SmithKline Beechum) and also provides an example of a commonly used tool in assessing the talent pool of an organization (see Figure 2). An important point to note about this process is that the evaluation of high-potential employees ultimately is a subjective process based on the expert opinions of those who serve in supervisory roles. It is also often hashed out in discussions among a small group of managers. The quality and the honesty of these discussions are critical for a successful talent identification process. If the conversations about employees' potential are superficial and vacuous, then the entire succession management process is at risk. A climate of honesty, trust and transparency is an important factor in the system's ultimate success.

### Succession Management Process at Dow Chemical Company

**Step 1:** High-level review of the talent pipeline by the CEO and his direct reports (yearly).

**Step 2:** Review of each business function and strategic area focusing on what new capabilities will be needed to deliver this strategy and any new corporate-critical roles that will be needed.

**Step 3:** Review of top 200 leaders using the "Nine-Box" performance/potential grid (see Figure 2).

**Step 4:** Development and discussion of succession plans for high- and medium-risk corporate-critical roles that exist now and are anticipated in the future.

**Step 5:** Developmental planning for this population.

### Features of the Dow succession management process:

- Dow philosophy: Replacement plans and successor lists are useful tools, but the real value of these processes is to focus the organization on developing its employees to better prepare them for other jobs at Dow.
- Dow reaches deep into its pipeline from entry-level professionals to the director level.
- Approximately 5 percent of the professional/managerial employee population is identified as corporate high-potentials and targeted for accelerated development at the Herbert Henry Dow Academy (followed by five-month action-learning projects), external executive education courses or a custom MBA course.

### Additional reading:

Conger, J. A., & Fulmer, R. M. (2003, December). Developing your leadership pipeline. *Harvard Business Review*, 81, 56-64.

**Source:** Steve Robison, Ph.D., Senior HR Leader—Talent Management, Dow Chemical Company

**Figure 2: “Nine-Box” Succession Planning Grid**

<b>P O T E N T I A L</b>	<b>High Potential/ Low Performance</b>  Demonstrated high potential for advancement but is not meeting current performance expectations  Needs coaching and intervention: Wrong job or wrong boss?	<b>High Potential/ Medium Performance</b>  Demonstrated high potential and consistently meets performance expectations  Valued talent who needs additional challenge, reward, recognition or opportunity to develop	<b>High Potential/ High Performance</b>  Highest potential for senior leadership position who usually always exceeds performance expectations  Star talent who should be targeted for accelerated development opportunities
	<b>Medium Potential/ Low Performance</b>  Promotion potential one level or lateral move with greater challenge but presently underperforming  Consider coaching or corrective action	<b>Medium Potential/ Medium Performance</b>  Promotion potential one level or lateral move with greater challenge; presently meeting but not exceeding performance expectations  Keeps things running but might need additional motivation, greater engagement or additional rewards	<b>Medium Potential/ High Performance</b>  Promotion potential one level or lateral move with greater scope or challenge; always meets and usually exceeds expectations  Strong contributor who could have additional developmental challenges to grow and possibly improve potential
	<b>Low Potential/ Low Performance</b>  Has reached career potential and is not delivering  Counsel or terminate	<b>Low Potential/ Medium Performance</b>  Specialized technical talent or has reached career potential but consistently meets performance expectations  Motivate and focus	<b>Low Potential/ High Performance</b>  Specialized technical talent or has reached career potential but consistently exceeds performance expectations  Valuable in developing others; retain and reward

**PERFORMANCE**

### Leadership Planning Process at SmithKline Beecham

**Background:** SmithKline Beechum (SKB) was formed in 1989 through a merger of SmithKline Beckman (Philadelphia, PA) and The Beechum Group (London). Neither firm had very well-developed or consistently implemented human resource development practices.

**Objective:** Develop a consistent, reliable and standardized leadership planning process in a post-merger environment. It was believed that such a process also would help to build a unified culture and enhance worker engagement and retention that had been damaged by the merger.

**Plan:** The HR team was asked by senior management in 1993 to develop three leadership planning initiatives that could be implemented across the entire organization: (a) succession planning process; (b) executive development process; and (c) leadership competency model (see “Leadership Competencies” box). Although three separate teams were formed initially, it became apparent that these were interrelated targets. As a result, all teams agreed to work together as one team with the single goal of *leadership planning*. HR people from all line businesses were involved, including the pharmaceuticals business, over-the-counter products business, corporate, Europe and international. In addition, there was an advisory board of line managers.

### Key Learning Points:

- Make sure the process is “line owned” and “line driven.” Line management must be engaged and involved from the outset.
- Start small and pilot before launch.
- Train managers before the pilot is implemented.
- Recognize that there will be failures from the pilot and learn from them.
- Enlist many advocates.
- Link the plan design to the needs and vision of the CEO and senior management team.

**Results:** The Leadership Planning Process has been fully endorsed and implemented as the way that SKB identifies and supports the development of its managers.

Previous developmental planning was inconsistent, and succession planning was limited to a small, elite group of executives. This process has changed to focus on the development needs and potential of a larger group of managers within SKB.

By 1999, more than 8,500 employees participated in the Leadership and Developmental Review process and over 230 group discussions were held. On average, each group discussed 35-40 managers, allocating approximately 15 minutes of discussion per person.

Group discussions allow SKB to regularly take an inventory of management talent.

Source: Manzi, L., & Abramson, J. (1999). SmithKline Beechum. In D. Giber, L. Carter & M. Goldsmith (Eds.), *Linkage Inc.'s best practices in leadership development handbook* (pp. 397-424). Lexington, MA: Linkage Press.

### The 21 SmithKline Beecham Leadership Competencies <sup>[16]</sup>

SKB CORE VALUE	LEADERSHIP COMPETENCIES
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Think strategically</li> <li>• Innovate</li> <li>• Champion change</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Improve systems and processes</li> <li>• Commit to quality</li> <li>• Focus on customer needs</li> </ul>
<b>Integrity</b>	<ul style="list-style-type: none"> <li>• Lead courageously</li> <li>• Foster open communication</li> <li>• Act with integrity</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>• Establish plans</li> <li>• Manage execution</li> <li>• Influence others</li> <li>• Drive for results</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>• Foster enthusiasm and teamwork</li> <li>• Reward and celebrate teamwork</li> <li>• Attract and develop talent</li> <li>• Build relationships</li> </ul>
<b>Personal Effectiveness</b>	<ul style="list-style-type: none"> <li>• Use sound judgment</li> <li>• Convey information</li> <li>• Adapt and develop oneself</li> <li>• Know the organization and the business</li> </ul>

Figure 3 distills some of the basic points in this section and provides a general roadmap to managing the succession management process.

**Figure 3: The Succession Management Process**



Although many of the issues associated with succession management apply to small as well as large organizations (e.g., identifying key positions, identifying successors), there are some unique challenges and opportunities in small- and medium-sized organizations when it comes to succession management.

### SUCCESSION MANAGEMENT IN SMALL- AND MEDIUM-SIZED ENTERPRISES (SMEs)

The majority of organizations do not have the size and resources of Dow or SmithKline Beechum when it comes to succession management. There are distinct opportunities and challenges associated with succession management in SMEs. Some of the opportunities include the following: (a) the smaller number of employees allows for more personalized and tailored development plans; (b) there is a greater likelihood of designing an integrated initiative across levels; and (c) a formal succession management system could be a “force multiplier” when it comes to recruitment and retention as compared with the competition. Specific challenges for SMEs include (a) fewer available resources to devote to succession management; (b) less in-house staff with the expertise to develop and manage an integrated succession management initiative; and (c) resistance from family owners to open succession lines to non-family members.

Research conducted by the Canadian Federation of Independent Business indicated that only 10 percent of SME owners have a formal succession plan, 38 percent have

some sort of informal (unwritten) plan and more than half do not have any succession plan at all.<sup>[17]</sup> For this reason, it is difficult to identify best practices in succession management for SMEs—there are too few firms that engage in a formal succession management processes and those that do are not forthcoming in the literature about what is done. Indeed, a recent review of the available literature on the topic urged SMEs to devote greater resources and attention to formal succession planning as a way to promote long-term survival and prosperity.<sup>[18]</sup>

As further evidence of this knowledge gap, a recent review of what is known about managing HR in small organizations was completely silent on the topic of succession management.<sup>[19]</sup> The report did note that program costs and time spent away from the job are important considerations for deciding what opportunities to offer employees in terms of training and development. The sources for formal training and development are also more restricted with SMEs, which is another reason informal practices are more likely in small organizations than formal practices.

That does not mean that SMEs should be complacent with using informal succession management practices. There are distinct advantages associated with formal succession management in terms of being able to handle unexpected staffing surprises, especially regarding sudden turnover in key positions. It does not take much in the form of expertise or

other resources to identify the key positions in an organization and to nominate one (or preferably more) possible successors. It is potentially trickier to provide the kinds of developmental experiences needed to prepare potential successors for more responsible positions. That is why bringing in an external consultant for advice on leadership development might be the best call for many SMEs. Remember, it is an investment in your talent and in the future of your organization. Scrimping on the talent development part of succession management might save a few dollars in the short-term, but it puts the organization at risk for long-term failure.

### Succession Management in SMEs: Opportunities and Challenges

#### Opportunities

- Personalized and tailored employee development plans
- Greater likelihood of an integrated system that reaches across all levels
- Formal succession management as a force multiplier for recruitment and retention

#### Challenges

- Fewer resources to devote to succession management
- Fewer staff with expertise to develop and manage a formal succession management system
- Resistance from current family owners to potential non-family successors



## RESEARCH ON SUCCESSION MANAGEMENT

There is not a lot of scholarly research on the topic of succession, with the exception of CEO succession (see suggested readings at the end of this report). However, recent descriptive research examines the prevalence of succession planning in organizations as well as HR's role in the succession planning process.<sup>[20]</sup> There is good news and bad news from these findings. In terms of prevalence, the good news is that more than half of the survey respondents (58 percent) indicated that they had some kind of a succession plan in place. The bad news is that this percentage was split equally (29 percent each) between those with a formal and those with an informal succession plan, with smaller organizations indicating that their processes were more likely to be informal rather than formal. This is bad news because the report findings also document that in comparisons across organizations with formal and informal succession plans, those with formal plans were more likely to:

- Identify employees who could potentially fill future vacancies in leadership positions.
- Consider the organization's long-term objectives and goals.
- Identify prospective vacancies in leadership positions.
- Identify potential succession gaps.
- Integrate succession planning with the organization's strategic planning process.

- Emphasize diversity in the workplace.
- Include a specific focus on the succession of women candidates.
- Update employees on the steps the organization plans to use in the succession planning process.

There are three noteworthy implications from these specific findings. Those organizations with formal succession planning are more likely than those with informal planning to (1) be more proactive in identifying and developing their leadership talent; (2) be more attuned to diversity issues; and (3) have a more transparent succession planning process.

Another notable finding from the survey results is the time frame for the future skills considered in succession plans. Of those reporting having either a formal or an informal plan in place, 84 percent considered skills that would be needed one year in advance, 76 percent considered skills that would be needed two years in advance, and 62 percent considered skills that would be needed three years in advance. But this percentage drops to under half for projecting four (47 percent) and five (44 percent) years in advance and plummets to 14 percent when the time frame is six years out.

## LEADERSHIP COMPETENCIES

A pessimistic interpretation of these results would be that organizations are taking a relatively short-term orientation in projecting their future employee skills needs; however, it may be that it is just too difficult to project future skills

needs more than three years in advance. The workplace is changing quickly and in unpredictable ways. If this is the case, then there are important implications for leadership competency models—typically, a formal framework endorsed by an organization that summarizes the important leadership attributes to be used in selection, training and development. Is it worth the investment in developing a competency model if there is a good chance that the kinds of knowledge, skills and abilities that support those competencies cannot be reliably predicted much into the future? This is a highly charged issue that unfortunately goes beyond the scope of this report. Suffice to say that the HR field is split as to whether leadership competency models are a worthwhile contribution to the succession management process in particular or to the organization as a whole more generally.

The questions at the core of leadership competency controversy<sup>[21]</sup> include:

- Can a single set of competencies describe all effective leaders?
- Does having more of each characteristic make a person a better leader or is there a point of diminishing returns?
- Can organizations accurately predict what leader competencies will be needed in the future?
- What is the evidence that HR systems that are based on competencies work effectively?



In terms of succession management, high-potential employees have both strong technical skills as well as the potential to develop a strong leadership competence.

At present, there are no agreed-upon answers to these important questions. HR professionals are encouraged to carefully evaluate the potential pros and cons of leadership competency models and avoid blindly jumping on the competency bandwagon.

As the box “Not All Competencies Are Leadership Competencies” illustrates, there are other competencies in addition to leadership competencies. This is an important distinction in terms of succession management and workforce development. Some knowledge and skills that are gained through training or experience are more appropriate for addressing the technical challenges that organizations face. These are the kinds of problems that can be solved by experts or senior authorities in a given field. On the other hand, adaptive challenges are those issues that come “without easy answers.” The solutions to adaptive challenges lie not in technical answers but with the people themselves.<sup>[22]</sup> Leadership is inherently about people, which is why adaptive challenges require the application of highly developed leaders. It also helps to explain why the most sophisticated technical experts may not make the best leaders in a given setting. In terms of succession management, high-potential employees have both strong technical skills as well as the potential to develop a strong leadership competence.

## OBSTACLES TO EFFECTIVE SUCCESSION MANAGEMENT

Ultimately, an investment in succession management is an investment in individual and organizational learning. But like many things, this is easier said than done. There are many potential factors that can derail a succession management process. Here is a brief list and discussion of some of the most likely culprits:

- *Event-based or episodic thinking:* This one plagues succession planning as well as leadership development. Both are ongoing processes, yet the conventional thinking is that they are addressed episodically. Succession planning typically is conducted only once a year, and leadership development is treated as a series of “loosely coupled” events or episodes, usually in the form of programs. Some of the most potent forms of development are embedded in the actual work (e.g., action learning, job assignments). It is a mistake to try to completely de-couple development from work.
- *No strategy for development:* What is the organization’s philosophy of leadership and development? These are key concerns in terms of presenting and defining the concepts and principles that will serve as the pillars of the conceptual framework for the initiative.

- *Assuming it is solely a staff function:* In many cases, the HR function has the primary responsibility for succession management. A common mistake and typical obstacle to effective implementation is failing to engage line management from the outset.
- *Over-embedding the initiative in a single champion:* Having a champion, especially at top levels, is an important driver for success; however, if the initiative becomes too heavily associated with any one person—no matter how high-ranking—this could lead to follow-through problems if that champion derails or leaves the organization.
- *Not connecting with strategic business imperatives:* Development for development's sake might be

a generally good thing; however, it is not helpful for long-term support. It is easy to lose sight of what specifically needs to be developed and why. If the target of development activities is supposed to be leadership competencies, then there should be a visible and widely agreed upon competency model that is grounded in the organization's strategic business plan. But there is some risk associated with leadership competency models because they require organizations to be able to accurately predict the future.

- *Under-emphasizing personal accountability:* The ultimate responsibility for development rests with the individual leader. Only so much can be done in any development program or initiative. There should be

personal accountability and follow-up so that learning and development become intentional processes that occur in a continuous and ongoing manner. If there is a personal development plan in place (and there should be), keeping to that plan must be the primary responsibility of the leader with support from the organization.

- *Lack of fit with organizational culture:* Trying to implement a formal system with a lot of preparation and paperwork in an informal culture would likely be met with resistance, if not outright hostility. Introducing an informal system into a highly structured and formal organization may result in the initiative not being taken seriously. There should be some degree of fit between succession management formality and the organization's culture; however, it should be noted that a succession management system can be used as part of a comprehensive organizational change initiative to move the culture from formal to informal or from informal to formal.<sup>[23]</sup>

### Not All Competencies Are Leadership Competencies

Russell Reynolds Associates, a global executive search firm, distinguishes between three broad competency sets to better identify and recommend candidates that are most likely to meet all three competency areas:

#### Industry-Related Competencies (Industry expertise)

- Industry knowledge
- Client focus
- Global perspective

#### Implementation Competencies (How things get done)

- Flexibility and adaptability
- Communication skills
- Results orientation

#### Leadership Competencies (Setting overall direction and enhancing development)

- Strategic agility (including vision)
- Integrity and trust
- Developing subordinates

**Source:** Cantor (2005).

- *Lack of adequate support for development:* Support in the form of resources as well as positive reinforcement is absolutely necessary for individual development. Without support, efforts directed at assessment and challenge become exercises in futility. As noted previously, one of the biggest wastes of development investments involves sending individuals for leadership development and then not supporting their personal changes in thinking and behaving when they return to the job. It is elementary: Sending a changed person back to an unsupportive environment is highly unlikely to accomplish much of anything except heightened feelings of frustration and discouragement.

“Improving the Succession Management Process” provides a very general assessment of your current succession management practices. After assessing your organizations’ current system, use the recommendations on the checklist to make improvements.

Succession planning and succession management—as compared with replacement planning—involve developing employees for more responsible future assignments. There are many ways of accomplishing this goal, but one frequently used strategy is leadership development. This approach is based on the assumption that more senior positions involve greater leadership expectations and responsibilities for incumbents. Whereas technical c

ompetencies develop relatively early in a manager’s career, the leadership competencies needed to excel at higher levels require extra attention as part of an ongoing and systemic succession management process.

### Key Recommendations for Succession Management

- Understand the unique context of your organization.
- Recognize that SMEs have special challenges and opportunities when it comes to succession management.
- Identify key positions and the talent potential for these potentials (“Nine-Box Grid” may be helpful).
- Establish succession plans for key positions that identify at least one and preferably more than one potential successor.
- Engage in detailed developmental planning for the targeted successor population.
- Use leadership competency models with caution—the future is imperfectly predicted.
- Avoid the basic obstacles to an effective succession management system.
- Work toward continuous succession management system improvement.

## IMPROVING THE SUCCESSION MANAGEMENT PROCESS

To assess your organization's current succession management process and determine how much improvement is needed, read each of the following statements and check 'yes' if it describes your organization's current practice or 'no' if it does not.

1. **Simplified process:** Limited amount of advance preparation and paperwork (too much complexity increases resistance to the system).  
☐ Yes ☐ No
2. **Decentralized process:** Encouragement of local creativity and ownership beyond a set of standard core elements.  
☐ Yes ☐ No
3. **Fit with organizational culture:** Is the degree of system formality consistent with the prevailing culture?  
☐ Yes ☐ No
4. **Emphasis on learning skills and adaptability:** Focusing on the core concept of learning how to learn.  
☐ Yes ☐ No
5. **Recognition of on-the-job development:** Identifying appropriate "stretch assignments" for accelerating development.  
☐ Yes ☐ No
6. **Variety built into assignments early in the manager's career:** Developing adaptable leaders when they are just starting their careers and not just when they reach their 40s or 50s.  
☐ Yes ☐ No
7. **Encouragement of constructive developmental conversations:** Having frank, comprehensive conversations with one's boss on a regular basis.  
☐ Yes ☐ No
8. **Managers coached before they give career developmental feedback:** Is coaching on how to provide constructive developmental feedback part of the succession management process?  
☐ Yes ☐ No
9. **Encouragement of individual mentoring for high-potential managers and senior-level executives:** Are one-on-one mentoring (senior levels) and mentoring networks (junior levels) encouraged and supported?  
☐ Yes ☐ No
10. **Built-in accountability with regard to feedback on whether personal development plans are implemented:** Are managers held accountable for producing a high-quality developmental plan and for acting on it?  
☐ Yes ☐ No

Total the number of 'yes' responses you checked. If you checked 'yes' 0-3 times, then the system probably needs improvement, 4-6 'yes' answers is good with some improvements in place, and 7-10 is excellent, with many effective practices being implemented.

**Source:** A version of this checklist was published in *Organizational Dynamics*, vol. 32, Ayse Karaevli and Douglas T. (Tim) Hall, "Growing leaders for turbulent times: Is succession planning up to the challenge?" p. 77. Copyright Elsevier (2002). Reprinted with permission.

## LEADERSHIP DEVELOPMENT

*"The people we hire, and the focus we put on their development as leaders, are critical to P&G's ability to innovate and compete. Nothing I do will have a more enduring impact on P&G's long-term success than helping to develop other leaders."*

A.G. LAFLEY,  
CEO, PROCTOR & GAMBLE

Although there are literally hundreds of definitions for the term *leadership*, there are relatively few that concisely define *leadership development*. One such definition that focuses on the development of individual leaders (as opposed to organization development) is "the expansion of a person's capacity to be effective in leadership roles and processes."<sup>[24]</sup> One way of expanding a person's leadership capacity includes but is not limited to helping to develop knowledge, skills and abilities that the organization values with regard to leadership.

Interest in leadership development has exploded over the past decade as organizations look for ways to better address increased competitive pressures, respond quickly and flexibly to rapidly changing conditions, and innovate and exploit emerging technologies. It is thought that investments in leadership development pay off in terms of creating a sustained competitive advantage that will propel organizations forward in the 21<sup>st</sup> century economy.<sup>[25]</sup> For example, some estimates have placed the market value of General Electric at \$20 billion higher than its breakup value, with much of that value attributable to the quality and depth of GE's leadership capacity.<sup>[26]</sup>

It should be remembered that leadership development is incomplete as a stand-alone system. *The design of a leadership development initiative should be grounded in succession management, anchored in the organization's strategy and feasible given the organization's size and resources.* Specifically, the *who* and *what* of leadership development are ultimately based in the foundation set by succession management. The leadership development system builds on this information by establishing the *how* and the *when* in terms of practices and processes. It is important to keep in mind that the purpose of leadership development is not to create programs. Instead, it should be about designing and implementing practices and processes—developmental systems—that capitalize on work-related experiences to help achieve the organization's strategy.

Estimates from those who have worked extensively in the field of leadership development indicate that as much as 80 percent of the learning and development of those who eventually move into senior management stems from experience, 10 percent from classroom education and training and the other 10 percent from coaching and mentoring.<sup>[27]</sup> These estimated percentages

reinforce the importance of providing meaningful developmental experiences for developing leaders. The philosophy at Goldman Sachs, however, is more balanced in terms of making use of all three ways of learning: (1) learning from formal classes; (2) learning from other people (mentoring); and (3) learning on the job (experiential learning). Regardless of the respective percentages, the state of the practice is to emphasize developing leaders in the context of ongoing work rather than taking leaders from their work to develop.

### LEADERSHIP DEVELOPMENT CHALLENGES

Embedding development in ongoing work is valuable in terms of enhancing the job relevance of developmental experiences. The more technical term for this is *transfer of training*, and it is one of the most pressing challenges when conducting classroom training and development programs. Specifically, what can be done so that the knowledge, skills and abilities developed through training are applied back on the job? This is a particular problem with leadership development because sending a changed person back to an unchanged system often is an exercise in futility. Without support back on the job for the personal changes made as a part of a training and development program, it is unlikely that such changes will stick. But when the changes come about from on-the-job developmental experiences, the transfer is more likely to be successful because

the gap between learning and application is minimized in terms of both time and distance.

### INDIVIDUAL DIFFERENCES

A different challenge to effective leadership development is that there are individual differences in *developmental readiness*. Just because someone is a certain age or has been in a particular job for a certain number of years does not automatically mean that he or she is ready for a given developmental experience. This is where the importance of a solid succession management plan comes into play. Having a deep understanding of someone's career development to date in conjunction with an honest appraisal of that person's leadership potential and job performance through a "Nine-Box" assessment can provide much needed insight into the present level of developmental readiness for a stretch experience.

Even with the best-designed developmental experience, there will be individual differences in *learning*. This pertains to differences both in the amount and in the types of learning. Two people participating in the identical 360-degree feedback experience are likely to take away different things from the experience. For example, one person might come away with a greater sense of self-awareness in terms of the impact of his or her behavior on subordinates whereas another person learns to provide more constructive feedback to his or her peers. This is largely inevitable because of individual differences in terms of

developmental needs and the way that we each construct our own learning.

### LEARNING GOAL ORIENTATION

It is tough to learn from experience if attention is focused entirely on maximizing job performance. The issue is not how to replace performance but how to *elevate learning so that it is as valued as performance*. Influential work in the field of motivation has distinguished a performance goal orientation from a learning goal orientation.<sup>[28]</sup> With a performance orientation, the goal is to gain positive judgments by demonstrating mastery and avoid negative judgments of one's competence. With a learning orientation, the goal is to increase competence by developing mastery. A potential challenge with on-the-job development is that the focus is entirely on demonstrating performance mastery with little or no attention to learning and developing mastery. As a result, the potential learning benefits associated with a developmental experience are reduced, which negatively affects long-term return on investment. It is also unrealistic to expect that learning will be valued more than performance because that has career-limiting implications in terms of lower "Nine-Box" performance evaluations. One way to overcome this is to coach individuals on how to become more intentional about their learning through disciplined self-reflection, journaling and proactive feedback-seeking behavior.



## EVALUATING THE IMPACT OF LEADERSHIP DEVELOPMENT

The holy grail of sorts in leadership development is *demonstrating the impact and value-added* to the organization in the form of return on investment. Different kinds or levels of evaluation criteria can be used (see “Criteria for Evaluating Leadership Development Initiatives”), but the ultimate criterion is to show that leadership development interventions positively affect the organization’s bottom line (also called the *results* criterion). At least one prominent person in field of leadership development—Steve Kerr of Goldman Sachs—believes that trying to directly document cost savings or productivity enhancements is “silly” because there are so many other factors that can affect those numbers. For this reason, Kerr prefers to focus on the evaluation criteria of *reactions* and *transfer*. ROI or results may not be important at Goldman Sachs, but the rest of us probably better find ways to demonstrate value-added to the bottom line.

If it is not possible to run true experiments (and it rarely is in organizations), then the evaluation methodology becomes less rigorous and more subjective. At an entirely subjective level, one approach is to ask key stakeholders to describe the changes in the organization since implementing the leadership development initiative and then estimating dollar value of those changes and the degree that the initiative affected those figures.<sup>[29]</sup> Using a similar technique, it has been estimated that executive

coaching provides an average return of about six times the cost of coaching.<sup>[30]</sup> Unfortunately, more rigorous attempts at estimating the economic impact of training and development in a *Fortune 500* pharmaceutical company indicated a negative ROI for executive training on motivating subordinates, leadership skills training and teambuilding.<sup>[31]</sup>

Besides performance, it is advisable to think of other potential criteria of interest, such as retention. The bottom line (pun intended) is that there are numerous possible ways to evaluate leadership development initiatives, and reviewing them all is beyond the scope of this report; however, there are recommended sources available to serve as sound professional guides.<sup>[32]</sup> And to be able to estimate the impact of an intervention, evaluation research must be conducted and designed into the initiative from the beginning, which is often resisted for a multitude of reasons, including the additional expense and the circular logic that a program would need to have demonstrated value before being adopted so there would be no reason to evaluate it.<sup>[33]</sup>

One final thought about leadership development evaluation and estimating ROI: One of the future outlooks on learning from a recent think tank sponsored by *Chief Learning Officer Magazine* predicted that alignment of learning will replace ROI as the biggest challenge facing HR professionals. That is, the greater analytic capability found in many organizations today will

be used primarily to help ensure the alignment of training and development with business needs rather than trying to estimate the direct effect of development through an ROI study. There appears to be greater acceptance of the value of employee development such that it does not require ROI justification, but it does require greater alignment with strategy and business goals to be effective.

## CONCEPTUAL FRAMEWORK FOR DEVELOPMENT

Before taking on the task of designing or adopting the experiences that will serve as the core of a leadership development initiative, it is worthwhile to reflect on what makes experiences especially developmental. Because experiences are not all equally developmental, a relevant question is what distinguishes those that are potent forces for leadership development from those that seem to have little impact. Doing so can help to identify an overall conceptual framework for shaping development.

One approach to this issue is the ACS model proposed by researchers at the Center for Creative Leadership (see Figure 4 on page 22).<sup>[34]</sup> The philosophy underlying this model is that any experience can be made more developmental to the extent that it incorporates or enhances aspects of assessment, challenge and support (ACS).

### Criteria for Evaluating Leadership Development Initiatives

Criteria	Definition	Measurement Approaches (Examples)
<b>Reactions</b>	How participants liked or felt about the experience (affect); or participants' perception of the usefulness of the experience to subsequent performance (utility judgments).	<ul style="list-style-type: none"> <li>• Post-experience questionnaire of emotional affect ("smile sheet")</li> <li>• Post-experience questionnaire of perceived practical value</li> </ul>
<b>Learning</b>	The level of knowledge compared to before the experience; how much knowledge is retained over time; behavioral changes as a result of the development experience.	<ul style="list-style-type: none"> <li>• Knowledge tests</li> <li>• Mental models (e.g., understanding of a domain)</li> <li>• Skill demonstration</li> </ul>
<b>Transfer</b>	The extent to which what was learned in the developmental experience is applied back on the job.	<ul style="list-style-type: none"> <li>• Ratings of behavior (e.g., 360-degree ratings)</li> <li>• Self-report</li> </ul>
<b>Results</b>	Any criteria in which unit or organizational impact is assessed.	<ul style="list-style-type: none"> <li>• Productivity gains</li> <li>• Customer satisfaction</li> <li>• Employee morale</li> <li>• Profitability</li> </ul>

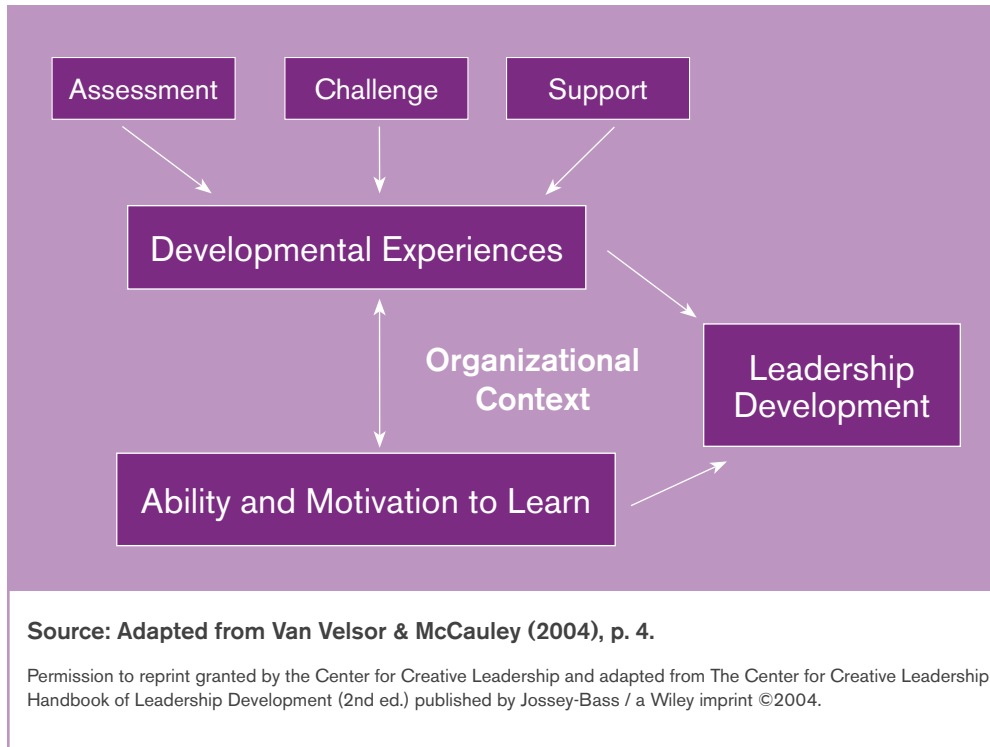
- *Assessment* refers to a diagnosis of the current state of the individual or organization in terms of leadership capacity. These data help to clarify what needs to be learned, improved or changed. The data can come from oneself (e.g., self-reflection, scores on personality inventories) or from others (e.g., feedback, customer evaluations). Good assessment data also provides the motivation to close the gap between the current and an ideal future state. If no gap exists, this assessment data can still be helpful in terms of enhancing self-confidence.
- *Challenge* occurs when current capabilities are tested. More challenging experiences are those that require some stretch out of comfortable and habitual ways of thinking and acting. It involves some willingness for risk-taking and feeling a little (or a lot)

uncomfortable. It is through taking on a developmental challenge that the limits of how things are normally done become apparent. Challenges are motivating in terms of the desire to master a new skill or way of thinking. Challenges also offer the opportunity for experimentation and exposure to new perspectives.

- *Support* in the form of positive reinforcement from co-workers, bosses and the broader environment helps to build self-confidence and master the challenge at hand. Developmental challenges are often difficult physically, psychologically and emotionally. Without substantial support, it is hard to bring about lasting changes at an individual, group or organizational level. As noted in several places in

this report, sending a changed person into an unsupportive interpersonal environment is one way that organizations waste their resource investments in development.



**Figure 4: Model of Leadership Development**

The most powerful developmental experiences are ones that include a variety of assessment, challenge and support mechanisms. The developmental process is also one that shapes and is shaped by the *ability and motivation to learn*. Developmental experiences are thought to enhance both of these aspects of learning, but these components of learning also influence the quality of the developmental experience. As an example, someone with little ability or motivation to learn will get comparatively less from a developmental experience than someone who is able (developmentally ready) and motivated. But rich experiences will also enhance learning ability and motivation.

The relationships between developmental experiences, the ability and motivation to learn, and leadership development all take place in an *organizational context*. Aspects of the organization's context, such as its size, mission, strategy and culture, influence the leadership development process. This influence extends to the overarching focus, the degree of integration with other processes, how systemic it is and ultimately who is responsible for the system. No two organizational contexts are identical, and therefore, no two leadership development systems are the same. Instead of blindly adopting "best practices" showcased in other organizations, it would be advisable for HR professionals to first

carefully consider their own particular organizational context with regard to the fit and feasibility of a particular practice.

The next section elaborates on some of the more commonly used developmental practices in leadership development.



## DEVELOPMENTAL PRACTICES

*"If we are going to go anywhere, we've got to have talent. And I'm going to put my money in talent."*

RAY KROC,  
FOUNDER, MCDONALD'S

A major way in which developmental practices differ is in terms of how embedded each practice is in the ongoing work context. Classroom learning and 360-degree feedback tend to be removed from the everyday work experience whereas others, such as job assignments and action learning, are highly embedded practices. But any practice can vary in terms of job embeddedness. For example, feedback and coaching can be done off-site and away from the job or take place in the moment by a peer, a boss or a mentor.

There are four general types of leadership development practices: education, assessment, coaching and experiential learning. It is generally better to include a variety of developmental practices because that variety can help to enhance learning motivation and also build a broader skills base. Decisions must then be made regarding whether a leadership development initiative will tap deeply into a particular type of practice, sample across all types but more superficially or try to maximize both the depth and the breadth of developmental practices.

What follows is a brief review of the main types of leadership practices. Additional readings review these developmental practices in more detail<sup>[35]</sup> with case study examples.<sup>[36]</sup> Sample practices from each of the four categories are reviewed, followed by a brief case study from a medium-sized nonprofit organization that has been involved in a substantial and meaningful leadership development initiative.

### EDUCATION

*Classroom programs* continue to be the backbone of most leadership development initiatives. Formal classroom programs tend to run for three to five days and generally take place in an off-site location. Open enrollment programs are targeted to qualified participants across any number of organizations, whereas custom programs are designed to address the specific leadership challenges of a client organization. There are myriad private vendors of open-enrollment and custom leadership development programs, including nonprofit organizations, consulting firms and executive education branches of most major business schools. A particular strength of classroom programs is the standardization of content that is delivered to participants. A particular limitation is the uncertainty of transfer of development from an off-site classroom back to the job. Classroom programs also tend to foster episodic or event-based thinking about development (i.e., it occurs only during a special program).

*Corporate universities* are at the extreme end of the education spectrum. A corporate university is defined as a centralized in-house training and education facility to better align training and development with business strategies.<sup>[37]</sup> Some corporate universities are only for in-house training and development whereas others also offer open-enrollment and custom developmental programs. Corporate universities represent a considerable investment in the learning and development of employees but also signal a commitment to the value of investing in human capital. Despite their expense, corporate universities are the fastest growing segment of the adult education market.<sup>[38]</sup> One of the reasons for this growth is that the shelf life of knowledge is

becoming increasingly shorter, and therefore, the need for continuous learning on the part of employees is more acute. Although they take different forms and styles of education, the prototype of the corporate university is GE's Welch Leadership Center (Crotonville, NY). In addition to offering a full complement of courses as part of their catalogs of offerings, many corporate universities—including Crotonville—enlist current and former managers as the faculty instructors, sometimes even the CEO. The advantage of such an approach is that the course offerings can be tightly tailored to organizational needs in terms of succession management and leadership development. Also, the manager-instructors bring a lot of credibility to their teaching.

Besides some of the same limitations associated with transfer as noted with other classroom programs, corporate universities run the risk of falling prey to the “General Motors Syndrome” that perpetuates the status quo and leads to corporate inbreeding.<sup>[39]</sup> GM was heavily criticized years ago for using executives as leadership instructors who were teaching outdated worldviews and developing future leaders in ways that worked in the past but were no longer relevant for success in the future. GM learned an invaluable lesson from its previous mistakes and now is responsible for one of the most exemplary corporate universities serving Saturn Motors, a wholly owned GM subsidiary. Additional background on Saturn's corporate university success story can be found in a “best practice” review of leadership development practices.<sup>[40]</sup>

### Reported Benefits of Corporate Universities for SMEs

- **Improved recruitment:** Recruits are attracted to ongoing opportunities for growth and development offered by in-house universities.
- **Better employee advancement:** Universities build skills that accelerate employee advancement.
- **Increased revenues:** There are estimates of positive ROI associated with some of the training initiatives housed in the university.
- **Wider talent pool:** Universities help to enhance the internal labor pool for higher-level positions, reducing the dependency on the external labor market.
- **Reduced turnover:** One estimate in a small call center was that average monthly turnover dropped from 12% to 6% since a university was started.

**Source:** Fenn (1999).

Because of the fast-growing use of corporate universities, a few of the various approaches are presented in the chart *Corporate Universities*. This illustrates the variety of organizations that have developed in-house universities (some well-known, others less so) as well as the diversity in learning approaches adopted by the represented organizations. Corporate universities are not just for big organizations. SMEs are also developing their own “universities” to enhance ongoing skills training and leadership development.<sup>[41]</sup> For those HR professionals potentially interested in championing a corporate university initiative in their own organizations (either large or small), a good place to start is the Corporate University Xchange ([www.corpu.com](http://www.corpu.com)) or a comprehensive book on the topic.<sup>[42]</sup>

## CORPORATE UNIVERSITIES

**Motorola University:** One of the first learning organizations to implement virtual reality in manufacturing training. It now also offers for-profit learning and certification services (e.g., Six Sigma) to outside organizations and is an independent subsidiary of Motorola.

[www.motorola.com/motorolauniversity.jsp](http://www.motorola.com/motorolauniversity.jsp)

**Boeing Leadership Center:** The emphasis is on executive learning in which Boeing leaders are brought together from all across the enterprise. The Center works in partnership with the business units to provide leadership development opportunities that translate to on-the-job successes. Managers are required to take core leadership courses at the center at specific transition points in their careers: when they receive their first managerial assignments, become managers of managers, prepare for executive responsibilities and assume a position with global leadership responsibilities.

[www.boeing.com/companyoffices/aboutus/leadershipcenter/index.html](http://www.boeing.com/companyoffices/aboutus/leadershipcenter/index.html)

**Disney Institute:** The Institute is based on the vision and ideals of Walt Disney and claims to be a recognized leader in experiential training, leadership development, benchmarking and cultural change for business professionals across the globe. It offers participants

the opportunity to “experience the business behind the magic” of Disney’s core business strengths: Leadership Development, Quality Service, Customer Loyalty, Organizational Creativity and Teambuilding.

[www.disneyinstitute.com/](http://www.disneyinstitute.com/)

**Hamburger University–McDonald’s Center of Training Excellence:** McDonald’s “global center of excellence” was founded in 1961 in the basement of its first restaurant with an initial graduating class of 14. Today, more than 5,000 students attend Hamburger U each year. The mission of the University is to be the best talent developer of people with the most committed individuals to Quality, Service, Cleanliness and Value in the world. The curriculum is aligned with the specific career paths of McDonald’s employees, including development paths for crew, restaurant managers, mid-managers and executives.

[www.mcdonalds.com/corp/career/hamburger\\_university.html](http://www.mcdonalds.com/corp/career/hamburger_university.html)

**John F. Welch Leadership Center:** This “granddaddy” of corporate universities was opened as the Management Development Institute at Crotonville by General Electric in 1956. The Institute was renamed recently as the John F. Welch Leadership Center after its former chairman and CEO. It hosts several thousand participants a year, including important GE customers and partners to top GE executives. Most of the training is classroom-based, with

some e-learning for preparation coursework. Plans are in the works for developing virtual learning communities where students and their teams engage in a business simulation after completing their coursework. The teams will run a virtual business and compete against other graduates. The faculty is about equally split between GE executives, GE project managers, university faculty and external technical experts. Early career leadership training courses are open to everyone in the organization; however, many programs can be taken only by executives who have been nominated by the CEO of their business. The top two courses are available only with the approval of GE’s current chairman and CEO.

[www.ge.com/en/company/news/expanded\\_training.htm](http://www.ge.com/en/company/news/expanded_training.htm)

**Schwan’s University:** The Schwan Food Group is one of the largest providers of branded frozen foods in the world, with annual sales of around \$3.5 billion and more than 24,000 employees worldwide. The University was founded in 2001 and offers programs internally and externally on topics that include leadership development, individual employee development, interviewing skills training, sales training, call center training and computer skills training. The University emphasizes its ability to provide custom training and development solutions to meet specific business needs for organizations of all sizes.

[www.schwansuniversity.com](http://www.schwansuniversity.com)

## ASSESSMENT

*Personality inventories* are paper-and-pencil or Web-based assessment instruments. They are relatively easy to use and can be effective in building individual self-awareness by providing participants with insight into their personal tendencies and values. They can also be used in helping participants appreciate individual differences in others and understand why other people may act the way they do. Personality inventories tend to be popular with participants (i.e., elicit positive reactions) because people generally enjoy learning about themselves. The Meyers-Briggs Type Indicator® is an example of an assessment instrument that is commonly used in leadership development workshops as a way to introduce participants to different personality types.

*Multi-source ratings/360-degree feedback* is also a very popular development practice. It involves the systematic measurement of the perceptions of an individual's leadership performance from an entire circle of relevant viewpoints, including self, subordinates, peers, supervisors and even external stakeholders such as customers and suppliers. Supposedly, such a comprehensive assessment from various role perspectives can provide an accurate picture of the impact of a leader's behavior on others. The gap between self ratings and others' ratings can be used to estimate individual self-awareness, which has been shown to be positively related to managerial performance.<sup>[43]</sup> A potential weakness of this practice is that the resulting ratings can lead to

confusion if they do not converge across rating sources. For this reason, multi-source ratings are most effective when linked with executive coaching.

*Assessment centers* offer a comprehensive method for assessing an individual's leadership potential. Traditionally, assessment centers have been used for selecting managers for middle- and upper-level jobs by assessing their skills through different assessment exercises that measure performance across a number of dimensions. Developmental assessment centers are used exclusively for employee development, with a heavy emphasis on assessment with feedback. Specifically, it is a collection of workplace simulation exercises that provide individuals with practice, feedback and coaching on a set of behavioral dimensions that (a) can be developed and (b) are considered to be critical to professional success.<sup>[44]</sup> Their use is becoming increasingly popular. Survey results indicate that developmental planning was reported as a popular reason for using an assessment center (39 percent of responses), following selection (50 percent) and promotion (48 percent).<sup>[45]</sup> Advantages of developmental assessment centers include that they are thorough and comprehensive and link the important components of assessment, challenge and support. On the downside, they are expensive and time-consuming to design and implement. There is no reliable data to suggest that they are more effective than feedback and coaching on their own.

## COACHING

*Executive coaching* is valuable in helping leaders make sense of their assessment data, putting together an actionable development plan, implementing the plan and providing support and follow-up assessment of behavioral change. The Individual Coaching for Effectiveness (ICE) model for middle- and higher-level leaders consists of three phases: (1) diagnosis (one or two days of assessment and feedback); (2) coaching (one day per month for six consecutive months); and (3) maintenance/support (periodic contacts and review sessions to help maintain the personal changes).<sup>[46]</sup> An important factor to consider with coaching is the training and experience of the particular coach. At present, there are no licensing requirements to call oneself an executive coach, and as a result, there is considerable variability in the background and skills of those in the coaching business. *Caveat emptor!*

*Mentoring* is considered a formal or informal process in which a more senior person takes a vested interest in the personal and professional development of a more junior person, usually a professional colleague. The research on mentoring is voluminous: more than 500 published articles in scholarly and popular-press outlets on the topic appeared in a recent 10-year period.<sup>[47]</sup> Of particular interest is the finding that informal mentoring programs tend to be more effective and receive more favorable responses than formal programs. There also is recent

interest in the issue of “marginal mentoring” that recognizes that not all mentoring experiences are positive or beneficial.<sup>[48]</sup> It is an unfortunate reality that few leaders get any training on how to be effective mentors even when there is a formal mentoring program in place. Other cautions with regard to mentoring include that it is very time-intensive for both parties and that there may be insufficient numbers of qualified mentors for those in very junior positions. This is why some have advised using mentoring only in targeted situations involving high-potential managers and senior-level executives. In more large-scale applications with junior employees, it may be more realistic to set up *mentoring networks*, in which employees are assisted in identifying existing helpful relationships and then trained in how to better use these relationships for their development.<sup>[49]</sup>

## EXPERIENTIAL LEARNING

*Job assignments* have long been favored as a leadership development practice, especially those assignments that “stretch” the thinking or other capabilities of the target leader. This makes sense in that it is widely believed that leaders view their most potent developmental activities to be experiential based, especially on-the-job experiences. Putting developing leaders into stretch job assignments is a valuable developmental tool; however, you do not want to put people in over their heads too much. There are two fundamental questions in using job assignments for leader development: (a) how

prepared should someone be for a stretch assignment; and (b) what is the right assignment for this leader at this time? It requires an intimate knowledge of the career goals, career paths and developmental readiness of those leaders.

*Action-learning projects* constitute an approach that is based on the assumption from adult learning theory that people learn most effectively when working on organizational problems in real time.<sup>[50]</sup> Action learning typically takes place in project teams composed of people from diverse functions and locations working together for six to 12 months on an issue considered to be strategically important to the organization. What makes or breaks action-learning in terms of development is the degree that ongoing learning is valued as much as performing well. External coaches are often used to help facilitate team self-reflections and to enhance learning and development. An example of a successful action-learning initiative for the purpose of system-wide leadership development in a nonprofit organization is described in “Catholic Healthcare Partners Leadership Academy.”

There are two fundamental questions in using job assignments for leader development:  
(a) how prepared should someone be for a stretch assignment; and  
(b) what is the right assignment for this leader at this time?





## Catholic Healthcare Partners Leadership Academy

**Background:** Catholic Healthcare Partners (CHP) is a mission-driven, not-for-profit health system. CHP operates acute care hospitals, long-term care facilities, housing sites for the elderly, home health agencies, hospice programs, wellness centers and other health care organizations that meet the health care needs of people in Indiana, Kentucky, Ohio, Pennsylvania, Tennessee and nearby states.

### Objectives:

- Identify a pool of high-potential executives with a capacity for greater responsibility in the organization.
- Build a pipeline of leaders committed to carrying on the organization's mission and values.
- Develop a greater sense of "us" in executives across different geographic regions.

### Academy Activities:

- Multiple classroom sessions focusing on customized individual 360-degree assessment and development based on the identified leadership factors of:
  - Passion for mission and values.
  - Servant leadership orientation.
  - Ability to handle complex mental processes.
  - Bias for action.
  - Ability to develop others.
- Team-based action-learning projects tied to strategic imperatives of CHP.
- Individual and team coaching.
- Evaluation of individual progress, the influence on CHP and the role of higher-level support in the development and transfer of learning and action.

### Outcomes:

#### *Individual Participants*

- Development of a deeper connection and commitment to the CHP mission and values.
- Enhanced commitment to the development of people who report to them.
- Greater self-awareness.
- Improvement in setting and achieving goals.
- Better effectiveness in working across organizational boundaries.

#### *Organization*

- Created cross-regional and cross-functional networks, resulting in a deeper understanding of CHP as an interrelated system.
- Developed networks for sharing ideas and best practices.
- Action-learning projects advanced 15 key initiatives in CHP, including a more comprehensive focus on diversity in the workplace and better partnerships with other health care organizations.

### Additional reading:

O'Connor, P. M. G., & Day, D. V. (2007). Shifting the emphasis of leadership development: From "me" to "all of us". In J. A. Conger & R. E. Riggio (Eds.), *The practice of leadership: Developing the next generation of leaders* (pp. 64-86). San Francisco, CA: Jossey-Bass.

**Source:** Jon C. Abeles, Ed.D., Senior Vice President, Talent Management and Diversity, Catholic Healthcare Partners.

Research published by Linkage, Inc. indicates that across eight major manufacturing and pharmaceutical firms, the most developmentally potent component of leadership development initiatives is action learning.<sup>[51]</sup> Other identified components are listed in the figure below in order from most to least meaningful.

Of the four general types of developmental practices, education and experiential learning were represented most often on this list, with assessment and coaching being less represented. Nonetheless, 360-degree feedback (assessment) was rated as the third most developmentally potent activity behind two different forms of

experiential practices. Does that mean that action learning and job rotations must be included for a successful leadership development initiative? Not at all. Small- and medium-sized organizations may not have the resources in the form of staff to engage in action learning or the depth of talent to be able to send employees on cross-functional or global job rotations.

The bottom line is that any leadership development initiative must be a logical extension of succession planning, based on the organization's strategy, and should be feasible given the organization's size and resources. There are a multitude of possible developmental practices that can be adopted. As

noted previously, the goal should not be to choose those practices that have worked in other organizations but rather to choose those that can best serve your purpose. Disciplined implementation and follow-through are more important factors in the success of the initiative than the particular practices that are adopted.

<div>Most meaningful</div> <div>↕</div> <div>Least meaningful</div>	INITIATIVE	TYPE OF DEVELOPMENTAL PRACTICE
	Action learning	Experiential learning
	Cross-functional job rotations	Experiential learning
	360-degree feedback	Assessment
	Exposure to senior executives	Education
	External coaching	Coaching
	Global job rotations	Experiential learning
	Exposure to strategic agenda	Education
	Mentoring	Coaching
	Internal case studies	Education
	Executive MBA	Education
	Accelerated promotion	Experiential learning
	Professional conferences	Education



## Key Recommendations for Leadership Development

- The overarching goal of leadership development is to enhance the capacity for individuals to be effective in leadership roles and processes.
- Leadership development is grounded in succession management, anchored in the organization's strategy and designed to fit the organizational context.
- There are basic challenges associated with any leadership development system regarding individual differences, a strong performance goal orientation and demonstrating value-added.
- Any experience can be made more developmental by adding greater levels of assessment, challenge and support.
- Individual ability and motivation to learn influence development. Recognize and enhance those aspects of ability and motivation to maximize the effectiveness of leadership development.
- Choose those developmental practices that best fit with the organizational context rather than simply adopting what has been successful elsewhere, especially if the contexts are strikingly different.
- One important aspect of context is organizational size. Small- and medium-sized enterprises generally do not have the resources needed to design and deliver their own in-house leadership development initiatives. For this reason, taking advantage of open enrollment programs and development programs offered through corporate universities may be more sensible for meeting the leadership development needs of SMEs.

## CONCLUSION

*"The ability to learn faster than your competitors may be the only sustainable competitive advantage in the future."*


ARIE DE GEUS, FORMER HEAD OF PLANNING,  
ROYALDUTCH SHELL

An integrated succession management program that links succession planning with leadership development can be a source of competitive advantage for organizations. Such a system can help buffer organizations in turbulent times of great uncertainty when it seems like there is a nasty surprise at every turn. Effective succession management helps to build a deep capacity for leadership. Not only is there leadership bench strength and a full leadership pipeline, there also is a highly developed workforce that is adaptable and attuned to the challenges and opportunities that are presented in their work.

Succession management can also aid in the recruitment and retention of the talent that is needed to be competitive in the global economy. Most employees today want more from their work than a paycheck. The opportunity to grow and develop as part of one's work is a factor that can attract and retain talent. A survey of 242 city employees polled by recruitment consultants Robert Half Financial Services indicated that of those actively looking for a new job, over half (52 percent) cited better career development potential as the main reason. In comparison, only 16 percent said that better pay was their main job search motivation.<sup>[52]</sup>

Having a deep capacity for leadership can be a source of competitive advantage in terms of helping an organization achieve its strategic goals and realize its mission. This report addressed aspects of succession management, including succession and development planning as well as examples of specific leadership development practices that can be tailored for your own particular organization. It is important to reiterate that there is no one best way to plan for change or to develop a workforce. Those decisions need to be made in the context of an organization's strategy, mission and culture. There is no guarantee that what works in a large multinational organization would also work successfully in a regionally based small- or medium-sized enterprise. Investments in all phases of the talent management process must be made with a careful and detailed understanding of the specific organizational context. Foremost of these concerns is that it must be linked to the organization's overall strategy, otherwise there is little chance of it being supported or sustained.

Succession management and leadership development are sound investments in the organization's future. The resources provided in this report in the form of research, guidelines, examples and the annotated bibliography can serve as a beginning point for thinking about how your organization can best invest in its future.

A photograph of three business professionals—two men and one woman—walking together in front of a modern, multi-story building with large windows. The image is overlaid with a semi-transparent purple filter. The woman on the left is wearing a dark blazer and skirt, carrying a bag. The man in the middle is wearing a dark suit and tie, smiling. The man on the right is wearing a light-colored suit and tie, also smiling. The text "A deep capacity for leadership can be a source of competitive advantage and can help an organization achieve its strategic goals and realize its mission." is written in white over the lower part of the image.

A deep capacity for leadership can be a source of competitive advantage and can help an organization achieve its strategic goals and realize its mission.

Effective  
Challenges

# Challenges

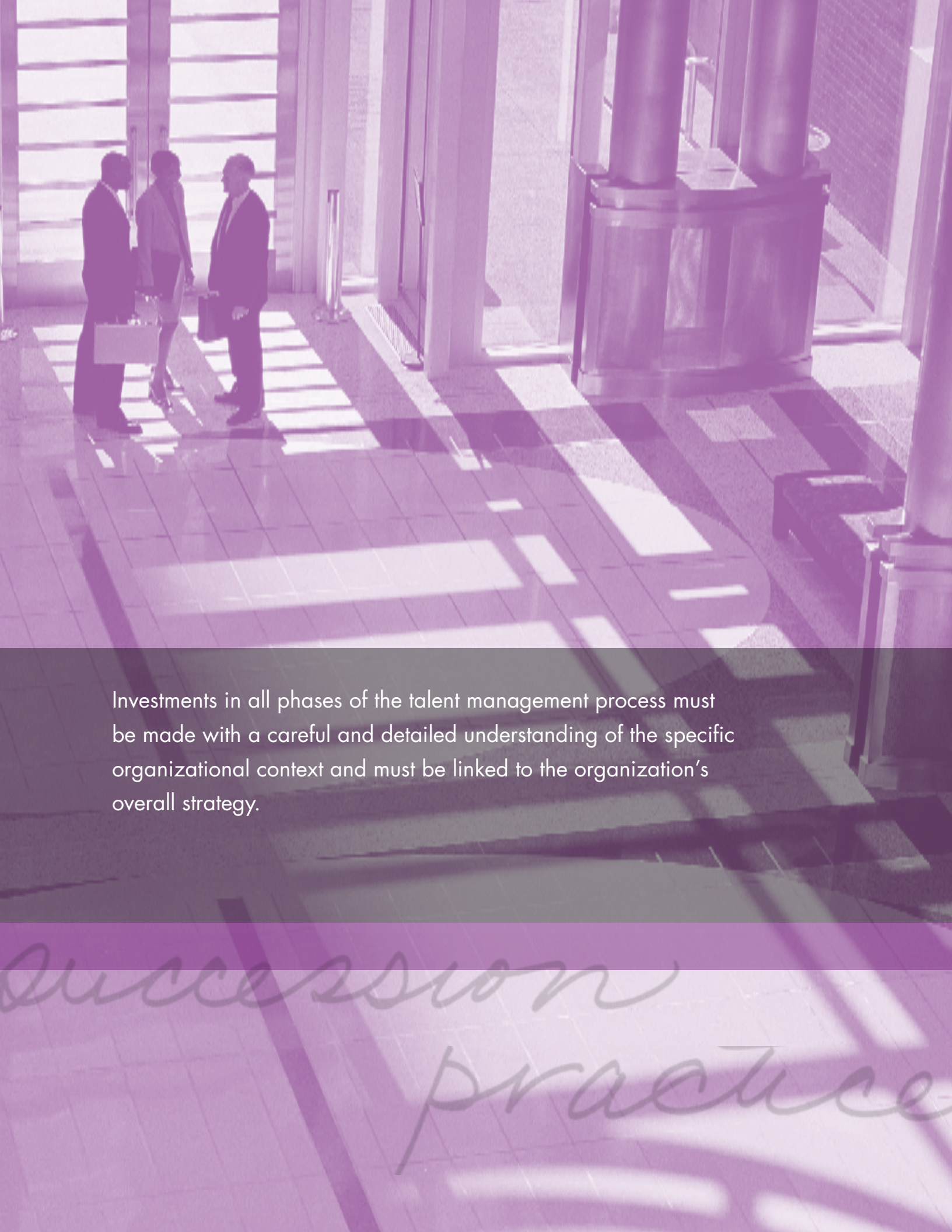
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Investments in all phases of the talent management process must be made with a careful and detailed understanding of the specific organizational context and must be linked to the organization's overall strategy.

*Succession  
practice*





## SOURCES AND SUGGESTED READINGS

**Berke, D. (2005).** *Succession planning and management: A guide to organizational systems and practices*. Greensboro, NC: Center for Creative Leadership.

This is an update on an annotated bibliography on succession planning first published by the Center for Creative Leadership in 1995. This updated report is broader in scope and includes, in addition to linkages between succession and development, a review of the literature on CEO succession, high potentials and succession systems and architecture. Each of these four content areas is preceded by a brief introduction and summary of core issues. In conclusion, the author offers suggestions for organizing the various elements of succession management and planning: (a) establishing clear roles; (b) determining and implementing appropriate systems and processes; and (c) ensuring necessary resources. Overall, it is recommended that to maximize the desired outcome from a succession process, it is crucial to design a succession system that fits with the culture of the organization.

**Fegley, S. (2006).** *SHRM 2006 succession planning survey report*. Alexandria, VA: Society for Human Resource Management.

The report summarizes the results of a survey conducted in December 2005 with a sample of the members of the Society for Human Resource Management. The goal was to gauge the prevalence of succession planning and to gather input from human resource professionals regarding their role in the succession planning process. A total of 385 HR professionals completed the survey. Among the key findings was the fact that over half of the sample indicated that their respective organizations had either a formal or informal succession plan in place. The majority of existing plans included executive-level, senior management and middle-management positions. A number of comparisons were made between those respondents reporting that a formal plan was in place and those with an informal plan. HR professionals from organizations with formal plans were significantly more likely to rate their organizations as being better prepared to immediately fill a vacancy if a key leader left the organization. It was emphasized that succession planning must include leadership development in order to have a pipeline of leaders ready to move into positions of greater responsibility. This is an imperative to remain competitive in today's turbulent global economy.

**Karaveli, A., & Hall, D. T. (2003). Growing leaders for turbulent times: Is succession planning up to the challenge? *Organizational Dynamics*, 32(1), 62-79.**

Based on research conducted on 13 best-practice succession programs (BP, Boeing, Chase Manhattan, Citigroup, Dell, Eli Lilly, Ericsson, Hewlett-Packard, JP Morgan, Motorola, Southwest Airlines, Sun Microsystems, U.S. Army), the authors conclude that the current business environment has rendered traditional succession planning approaches obsolete. Organizations need to do a better job of creating deep talent pools and preparing leaders at all levels for future challenges. One of the biggest obstacles to success is focusing too much on succession events (i.e., replacement of key individuals) at the expense of attending to the ongoing process by which leaders are developed over the span of their careers. Seven elements of best practices in succession planning processes are identified, including a definition of “high potential” that is specific to the organization, an individualized development process and a focus on developing broad and deep talent pools rather than “crown princes and princesses.” They also identify some ongoing challenges in building a state-of-the-art succession planning process, including the tendency for executive cloning (selecting leaders on the basis of past performance and current fit with organizational needs rather than taking a future-oriented perspective), too much

stress on the identification of talent and overlooking development, and a weak link between leader development and strategy. A helpful checklist is included for diagnosing improvements in corporate succession planning programs (reprinted in this report).

**Munro, A. (2005). *Practical succession management: How to future-proof your organization*. Burlington, VT: Gower.**

The author of this practically oriented guide to succession management is a director of a consulting firm specializing in the link between organizational effectiveness, succession management and leadership. The book is comprehensive in terms of addressing the major components of succession management that are organized into three sections: (1) examining the context for succession management; (2) formulating a succession game plan (including managing the appointment process, identifying business risks, creating a talent blueprint and strengthening the leadership pipeline); and (3) implementing sustainable succession management. One of the more provocative parts of the book presents the author’s views on leadership competencies. His perspective on competencies is that as with any big idea, the consultancy sector saw an opportunity and “a gravy train moved out of the station and picked up speed” (p. 60). This is an interesting comment from someone who is a director of a consulting firm! But

it highlights one major criticism of the competency movement that it is mainly driven by consulting revenues and not by science. Overall, it is unclear whether the advice on succession management offered in this book will “future-proof” your organization; however, it does provide a comprehensive and sophisticated guide to designing and implementing an effective succession management system.

**Rothwell, W. J. (2005). *Effective succession planning: Ensuring leadership continuity and building talent from within* (3rd ed.). New York: American Management Association.**

A review on Amazon.com claims that this book “must surely be one of the driest books ever written on this topic.” But this same reviewer acknowledged that it is probably one of the most thorough books available on succession planning. The book includes a wide variety of checklists, guidelines, exercises, case studies and other applied examples to help offset the pedantic writing style (the author is a professor of human resource development). It offers a comprehensive guide to the succession planning process. It provides a detailed plan for instituting a long-term succession planning program that includes everything from early action steps to ongoing evaluation and revision. It also describes how to develop, monitor and evaluate skills and competencies in individual employees so as to promote effectively from

within the organization. The author also introduces eight key trends that are affecting the future of succession planning and management, including how increasing globalization will affect the succession management process, the role of technological innovations and the need to better balance work and family demands.

**Mercer Delta Consulting. (2006).** *The role of the board in CEO succession: A best practices study.* Washington D.C.: National Association of Corporate Directors.

This study surveyed 23 companies that experienced a recent CEO succession. The participating organizations were chosen by a panel of corporate governance experts based on their CEO succession planning “best practices.” The companies that participated had 2004 revenues ranging from \$3 billion to \$151 billion and came from a broad spectrum of industry sectors. Individual interviews were conducted with a director from each company who was knowledgeable about the succession process. Analyses of the interviews suggested 10 best practices with regard to CEO succession: (1) plan three to five years out; (2) ensure full Board involvement; (3) establish an open and ongoing dialogue and an annual review; (4) develop and agree on selection criteria; (5) use formal assessment; (6) interact with internal candidates; (7) stage the succession but avoid “horse races;” (8) develop internal candidates rather than

recruiting externally; (9) have the outgoing CEO leave or stay on as chair for just a limited time; and (10) prepare a comprehensive emergency succession plan.

## SUCCESSION RESEARCH

**Ballinger, G. A., & Schoorman, F. D. (2007).** *Individual reactions to leadership succession in workgroups.* *Academy of Management Review*, 32(1), 118-136.

In this theoretical paper, the authors provide some insights into developing a case for a “leadership succession effect” that can be generalized across groups. They integrate perspectives from cognitive appraisal, relational leadership and trust in developing a model of individual affective (emotional) reactions to leadership succession. Propositions are offered as to how these affective reactions influence work attitudes and behaviors. Of particular importance is the quality of the relationship with the predecessor leader. More positive relationships with a prior leader are thought to create the likelihood for greater trust in the new leader, higher motivation to perform and higher job satisfaction; that is unless these positive relationships are associated with increased negative affect associated with the leader’s departure from the workgroup. From a practical perspective, those responsible for hiring and placing new leaders in ongoing workgroups should consider the quality of relationship with the predecessor

and the affective reaction of group members to the leader’s departure. This should influence how to introduce a new leader and what kinds of training this might require. An innovative aspect of this reading is that it changes the focus of succession from the successor to those in workgroups who must cope with changes in their leadership.

**Cabrera-Suárez, K. (2005).** *Leadership transfer and the successor’s development in the family firm.* *Leadership Quarterly*, 16(1), 71-96.

This qualitative case study examines factors associated with the transfer of leadership in family firms to the next generation of the owner family. A review of the relevant literature suggests two general factors that might affect successor success in family-run businesses: training for leadership and commitment to the firm. Seven succession cases from the automobile distribution industry are examined. Three of these cases were considered to be completely successful, three were partially successful, and one was deemed a failure. The criteria used to evaluate succession success were growth in economic indicators for the firm and the satisfaction of all parties in the succession episode. Academic training for leadership was not found to differentiate among the more and less successful successions; however, having a supportive predecessor and supportive non-family managers were suggested as important factors. Commitment to the firm, as compared with having

no other professional opportunities or being expected to take over as a family tradition, was an important distinguishing factor. Overall, it was concluded that the quality of interpersonal relationships in the firm, the successors' expectations and the role of the predecessor were the most critical factors in shaping a successful family business succession.

**Giambatista, R. C., Rowe, W. G., & Riaz, S. (2005). Nothing succeeds like succession: A critical review of leader succession literature since 1994. *Leadership Quarterly*, 16(6), 963-991.**

This paper reviews the leader succession research from 1994-2004, subsequent to the review by Kesner & Sebor (1994). The present authors conclude that the state of theory in succession literature is fragmented and variable. Suggestions are offered for improving succession research in the areas of research design, setting, construct validity, internal validity and external validity. From their comprehensive review of the literature, the authors suggest the following practical implications: (a) simplistic notions of succession should be disregarded; (b) boards and incumbent CEOs need to emphasize formal succession planning, especially in small organizations where such plans seem to be mostly nonexistent; (c) close attention should be paid to the abilities and background of successor candidates because those factors matter; (d) board members should remember that their own abilities and background affect their candidate impressions; and

(e) boards should consider the complexity of the job and the time needed to master it and therefore avoid hasty evaluations of new leaders, especially CEOs.

**Kesner, I. F., & Sebor, T. C. (1994). Executive succession: Past, present, & future. *Journal of Management*, 20, 327-372.**

Although this review has been updated and extended by Giambatista, Rowe and Riaz (2005), it provides a comprehensive examination of the history of succession research. It examines this history in three phases: (1) the emergence of the field in the 1950s and 1960s; (2) building theory and gaining empirical evidence in the 1970s; and (3) the explosive growth of the field in the 1980s. The review of succession-related topics under each of these historical periods is exhaustive, but it is of primary interest to those with an interest in succession research. There is a relatively brief section on succession planning that notes that fewer than 50 percent of firms in the early 1980s used any form of succession planning—formal or informal—and for those that did use succession planning, the responsibility was primarily with the CEO. Comparing these results with the recent SHRM report on succession planning (Fegley, 2006) shows that there has been movement toward a greater prevalence of succession planning and management processes in organizations and that the responsibility for this planning is no longer as focused on the CEO.

**Rowe, W. G., Cannella, A. A. Jr., Rankin, D., & Gorman, D. (2005). Leader succession and organizational performance: Integrating the common-sense, ritual scapegoating, and vicious-circle succession theories. *Leadership Quarterly*, 16, 197-219.**

The research question of interest in this study is whether changing leaders matter for team performance. The sample in question consisted of the National Hockey League teams over the course of 60 years. The leaders in question were coaches and general managers of their respective NHL teams. Results supported the hypothesis that leader succession does affect team performance; thus, leaders do matter when it comes to performance. The authors suggest that possibly a more important question may be when the succession should occur to better realize performance gains. Successions during a season had a negative effect on team performance whereas those that occurred in a previous season were associated with a positive effect. This is consistent with the axiom that there is no long-term gain without short-term pain. Although many other kinds of organizations do not have seasons like the NHL, some do have busy seasons and off seasons (e.g., tax accounting firms and those associated with the tourism industry). Generalizing the present findings to other organizations would require an understanding of the cyclical aspects of their business.

**Shen, W., & Cannella, A. A., Jr. (2002'). Revisiting the performance consequences of CEO succession: The impacts of successor type, postsuccession senior executive turnover, and departing CEO tenure. *Academy of Management Journal*, 45, 717-734.**

This study investigates the importance of succession context in terms of the performance implications associated with successor type (follower, contender, outsider), postsuccession senior executive turnover and departing CEO tenure. The study proposes and tests a model of the performance consequences of CEO succession in which the effects of postsuccession senior executive turnover on firm performance are moderated by successor type and where departing CEO tenure has a direct effect on firm performance. Successor types are categorized as follows: (a) follower successors who are inside executives promoted to CEO following ordinary retirements of their predecessors; (b) contender successors who are inside executives promoted to CEO after the dismissal of their predecessors; and (c) outsider successors who are brought in when there is a lack of a suitable successor within the firm. The hypothesized model was tested using data from 228 CEO successions, demonstrating that the type of insider succession matters when predicting firm performance. Contender successions were positively associated with postsuccession operational performance (return on assets),

whereas outsider successions were negatively associated with postsuccession firm performance. Senior executive turnover after a contender succession was positively associated with firm performance (moderator hypothesis supported), and there was an inverted U-shaped relationship between departing CEO tenure and postsuccession firm performance. Managerial implications are discussed in terms of top management team restructuring following contender and outside successions and the importance of boards of directors to carefully manage CEO tenure. Both overly long and unduly short CEO tenures were demonstrated to be directly harmful to postsuccession firm performance.

**Shen, W., & Cannella, A. A., Jr. (2002). Power dynamics within top management and their impacts on CEO dismissal followed by inside succession. *Academy of Management Journal*, 45, 1195-1205.**

Based on a power perspective, this longitudinal study examines the antecedents of CEO dismissal followed by inside succession. The focus was not on "ordinary" successions due to retirement, but on a subset of inside CEO successions due to power contests within top management groups in which the CEO is dismissed and has no influence over the selection of the successor. Evidence from a sample of 387 large U.S. corporations showed that 38 out of 65 dismissed CEOs (58 percent) were succeeded by

insiders and that a comparison of the results shows that the antecedents of CEO dismissal followed by insider succession and those of CEO dismissal followed by outsider succession differ. Specifically, the results suggest that non-CEO senior executives often play an important role in CEO dismissal and the subsequent appointment of an inside successor. One implication of these findings is that outside directors need to monitor closely the power dynamics within top management and ensure that there is healthy competition that does not undermine individual or firm performance.

**Zajac, E. J. (1990). CEO selection, succession, compensation and firm performance: A theoretical integration and empirical analysis. *Strategic Management Journal*, 11(3), 217-230.**

At issue in this study is whether there are factors relating to CEO selection, succession and compensation that are linked to firm performance. This was the first study to take an agency theory perspective (examining principal-agency relationships) to these issues, especially with regard to information asymmetry. It was hypothesized that hiring an outsider CEO will be, on average, a worse decision in terms of firm performance than to hire an insider CEO, given that information asymmetry between a board and a CEO candidate is greater with an external candidate. The study also directly assessed the implications



of having a specific successor in place through succession planning. Both hypotheses were strongly supported using a sample of 591 CEOs from the largest U.S. corporations in 1987 as compiled by *Forbes* and *Fortune* magazines. The practical implications for strategic management concerns the identification of specific, interrelated factors that can potentially influence the behaviors of top-level managers.

**Zhang, Y., & Rajagopalan, N. (2004).** When the known devil is better than an unknown god: An empirical study of the antecedents and consequences of relay CEO succession. *Academy of Management Journal*, 47, 483-500.

Relay successions occur when an incumbent CEO works with a designated heir and “passes the baton” to that heir apparent. Nonrelay inside succession occurs when the successor CEO is appointed from within the firm but was not the predecessor’s heir apparent. The authors argue that this is an important distinction from the perspective of organizational learning and adaptation. Data on 204 CEO successions between 1993 and 1998 in U.S. manufacturing firms showed that the likelihood of relay succession was negatively related to the number of internal candidates and positively related to presuccession firm performance. Relay successions were found to be associated with better postsuccession firm performance, especially under conditions of lower levels of firm performance prior to the succession

and when there were higher levels of strategic and industry instability. Outside successions did not differ significantly from nonrelay inside successions in terms of subsequent firm performance, which is contrary to conventional wisdom that outside CEOs are better equipped to turn around firm performance.

## COMPETENCY MODELING

**Bartram, D. (2005).** The great eight competencies: A criterion-centric approach to validation. *Journal of Applied Psychology*, 90(6), 1185-1203.

Results are presented from a meta-analysis of 29 validation studies of the “Great Eight” competency factors of (1) leading and deciding; (2) supporting and cooperating; (3) interacting and presenting; (4) analyzing and interpreting; (5) creating and conceptualizing; (6) organizing and executing; (7) adapting and coping; and (8) enterprising and performing. The author defines competencies as sets of behaviors that are instrumental in the delivery of desired results or outcomes. The article provides an in-depth review of each of the Great Eight and their respective subdimensions. The purpose of this exercise is to promote a criterion-based approach to test validation. Although that topic is less central to the present focus on succession planning and leadership development, the point is made that adopting the Great Eight or a similar criterion classification model would contribute to being better able to identify those areas in which people

would benefit most from learning opportunities and development experiences. From this perspective, the value to leadership development is clear.

**Hollenbeck, G. P., McCall, M. W., Jr., & Silzer, R. F. (2006).** Leadership competency models. *Leadership Quarterly*, 17, 398-413.

This article summarizes a series of “theoretical letters” between Hollenbeck/McCall and Silzer on the value of leadership competency models. Hollenbeck/McCall argue that the assumptions behind competency models are a problem, especially in terms of their leader-centric focus. They also question whether any single set of competencies can adequately describe effective leaders. Silzer responds with an overview of why he believes competency models are helpful, including (a) summarizing the experience and insight of seasoned leaders; (b) specifying a range of useful leader behaviors; (c) providing a tool that individuals can use for their self-development; and (d) outlining a leadership framework that can be used to select, develop and understand leadership effectiveness. In the next set of letters, Hollenbeck/McCall argue that competencies have distracted researchers and practitioners from a focus on results because they are so person-oriented in terms of personal behaviors and personal characteristics that getting things done is overlooked. In a very provocative conclusion, they claim that this “has been devastating to HR to the point that some

authors have even suggested that HR be disbanded, and outsourcing of HR functions has become commonplace” (p. 408). The final letter from Silzer summarizes in what areas the authors agree (e.g., desiring a more comprehensive approach to leadership effectiveness), where they disagree (e.g., overall value of competency models, nature of leadership competencies and the assumptions of competency models) and what directions should be taken in the future (e.g., a model of leadership situations, leadership outcomes and interactions between competencies, situations and outcomes). This leaves us with a better understanding of the sources of controversy with leadership competency models and a more balanced perspective on their purported advantages and disadvantages.

**Martineau, J., Laskow, G., Moye, L., & Phillips, D. (2005). Creating synergy and difference in development: One organization’s competencies for three organizational levels. In R. B. Kaiser (Ed.), *Filling the leadership pipeline* (pp. 85-110). Greensboro, NC: Center for Creative Leadership.**

This chapter presents a case study description of the steps that the Central Intelligence Agency (CIA) took in transforming its approach to leadership by developing a set of competencies that were tailored to the organization across three unique levels of management. Although in many ways the CIA is a very

different type of organization, many of the challenges it faces are much like any other large organization—in particular, how to lead a bureaucratic organization in a turbulent global environment that requires flexibility and adaptability. The first step in the process was to conduct a leadership needs assessment (with help from specialists at the Center for Creative Leadership). The chapter explains in detail the Leadership Development Impact Assessment that was used for the needs assessment and how this process was integral for developing a levels-of-mastery framework that in turn was used in building the competency models for the three levels of CIA management (supervisor, middle management and executive). The resulting multi-level competency framework became the foundation for the CIA Leadership Academy, which, the authors argue, has been helpful in producing highly effective leaders throughout the three levels of the CIA.

**Schippmann, J. S., Ash, R. A., Battista, M., Carr, L., Eyde, L. D., Hesketh, B., et al. (2000). The practice of competency modeling. *Personnel Psychology*, 53, 703-740.**

Because the competency modeling trend has been confusing to HR researchers, practitioners and consumers of HR-related services, the Job Analysis and Competency Modeling Task Force (Society of Industrial and Organizational Psychology) conducted a two-year investigation into the antecedents of competency modeling and

examined the current range of practice. This article is a summary of the findings of the task force. The article compares the practices of job analysis and competency modeling, identifies the strengths and weakness of each approach, and makes recommendations for how to leverage the strengths of one approach to overcome weaknesses in the other. Some of the topics that are addressed include an examination of the various meanings that have been proposed for defining a competency, how competency modeling and job analysis differ, what the consumer appeal of competencies is, and what might be the future of competency modeling. This is a comprehensive and rigorously conducted examination of the phenomenon of competency modeling and is highly recommended as background reading for any HR professional or scholar who desires a greater understanding of the state of the field of competency modeling.

## LEADERSHIP DEVELOPMENT

**Byrne, J.-A. C., & Rees, R. T. (2006). *The successful leadership development program: How to build it and how to keep it going*. San Francisco, CA: Pfeiffer.**

This is where to start if you have absolutely no idea how to design or implement a leadership development initiative. The book is very clearly written, although overly simplistic in its content. There are numerous flowcharts and algorithms to guide the reader through various stages



and decision points in the program development process. The various chapters are devoted to topics such as identifying the guiding principles of a program; building the foundation of philosophy, conceptual framework and operational strategy; developing a leadership competency model and designing a diagnostic inventory for those competencies; developing a return on investment model; developing individual learning plans and learning modules; getting senior level buy-in; and developing an implementation strategy. What the book provides in breadth it lacks in depth. For example, much of the content in each chapter is presented in bullet points. This improves accessibility, but it glosses over the complexities associated with many of the issues. It also ignores the controversy regarding leadership competency models (see the section on competency modeling) and blindly assumes that is the way to go, ignoring that trying to predict what will be required of leaders five or 10 years in the future is a very difficult task. In short, the book is best used as a primer to leadership development and would likely be most helpful to those HR professionals just getting into the field of leadership development.

**Charan, R., Drotter, S., & Noel, J. (2001). *The leadership pipeline: How to build the leadership-powered company*. San Francisco: Jossey-Bass.**

This book is about growing your own leaders. As organizations

choose (or are forced to choose) to make their leaders rather than to buy them (i.e., relying on headhunters for external recruitment), this book offers a valuable perspective in terms of examining and understanding the longitudinal career implications of the leadership pipeline. The first part of the book focuses on six key transitions that constitute developmental milestones for leaders. The six transitions are: (1) from managing yourself to managing others; (2) from managing others to managing managers; (3) from managing managers to functional managing; (4) from functional managing to business managing; (5) from business managing to group managing; and (6) from group managing to enterprise managing. An important part of the authors' message is that the values and focus of the leader change at each transition point. A major part of development is moving away from what had made someone a successful leader at an earlier career stage to what is needed at the new transition. The second part of the book elaborates on how to diagnose leader development and adjustment and how to help leaders make better developmental progress. The longitudinal perspective of this book is especially welcomed. It also helps to illuminate the challenges leaders face at various stages of their careers and discusses how to better prepare them to make successful transitions as they move up the pipeline.

**Conger, J. A., & Fulmer, R. M. (2003). *Developing your leadership pipeline*. *Harvard Business Review*, 81(12), 56-64.**

The focus of this article is on aligning succession planning with leadership development. Succession planning needs to be more than an annual update of a list of leadership candidates. It needs to ensure that there is a deep pipeline of developed or developing leaders who are prepared to successfully handle more responsible leadership roles. The authors present five rules for setting up an effective succession management system (succession planning + leadership development). Rule 1 is to *focus on development*. Succession management is a system oriented toward developmental activities and not a list of high-potential employees. Rule 2 is to *identify linchpin positions*—identify and focus on those jobs that are essential to the long-term health of the organization. Rule 3 is to *make it transparent*. Rather than shrouded in secrecy, let people know exactly where they stand in the succession system. Rule 4 is to *measure progress regularly*—move away from a replacement mindset to one that evaluates the ongoing development of candidates for linchpin jobs. Rule 5 is to *keep it flexible*. Succession systems need to be refined and adjusted based on feedback from line executives and participants. Overall, effective succession management requires a culture that encourages honesty and risk taking.

**Day, D. V. (2000). Leadership development: A review in context. *Leadership Quarterly*, 11, 581-613.**

A distinction is drawn between leader development and leadership development. Much of what is done with regard to leadership development is really about developing individual leaders. Leader development focuses on developing individual-level knowledge, skills and abilities (i.e., human capital). Leadership development is less about the individual and more about the connections, commitments and reciprocal obligations that develop between people (i.e., social capital). Leader development is based on a traditional, individualistic notion of leadership. It is leader-centric. Leadership development has its origins in a more contemporary, relational model of leadership that assumes that leadership is a function of the social resources that are embedded in relationships. The practice and research literatures are reviewed regarding the non-classroom approaches to both leader and leadership development. The focus is on those practices that embed learning and development in the context of ongoing work rather than taking people away from their work to learn and develop. The reviewed practices include 360-degree feedback, executive coaching, mentoring, networking, job assignments and action learning. Some of these practices emphasize human capital (i.e., leader) development, and others focus mainly on social capital (i.e., leadership) development, whereas only action learning targets both.

The point is not to choose between leader and leadership development but to work on linking the two in a more systemic manner.

**Dvir, T., Eden, D., Avolio, B. J., & Shamir, B. (2002). Impact of transformational leadership on follower development and performance: A field experiment. *Academy of Management Journal*, 45, 735-744.**

A longitudinal, randomized field experiment was conducted to test the effects of transformational leadership as enhanced through training on follower development and performance. The sample consisted of 54 leaders from the Israel Defence Forces, 90 direct reports (followers) and 724 indirect followers (once removed from a direct reporting relationship). The leaders in the experimental condition received transformational leadership training, whereas the control group leaders received eclectic leadership training. The results indicated that leaders receiving the transformational leadership training had more of a positive effect on direct followers' development (i.e., self-efficacy, independent and critical thinking and motivation) and indirect followers' performance (i.e., weapons test performance and obstacle course performance). From these findings, the authors conclude that enhancing transformational leadership through training can augment the development of human resources and their performance across a variety of organizational contexts.

**Gardner, W. L., & Avolio, B. J. (Eds.). (2005). Authentic leadership development: Getting to the root of positive forms of leadership [Special issue]. *Leadership Quarterly*, 16(3).**

The special issue resulted from the inaugural summit hosted by the Gallup Leadership Institute at the University of Nebraska-Lincoln in 2004. It includes an introduction by B. J. Avolio and W. L. Gardner that provides the conceptual foundation to the nascent field of authentic leadership theory, the relevance of authenticity to leadership, the roots of authentic leadership in positive psychology and positive organizational scholarship, and promising directions for future research.

- W. L. Gardner, B. J. Avolio, F. Luthans, D. R. May and F. Walumbwa ["Can you see the real me?" A self-based model of authentic leader and follower development, pp. 343-372] emphasize the developmental processes of leader and follower self-awareness and self-regulation. Positive modeling is viewed as a primary means whereby leaders develop authentic followers. Outcomes of authentic leader-follower relationships are thought to include heightened levels of follower trust in the leader, engagement, workplace well-being and sustainable performance.

- R. Ilies, F. P. Moregeson and J. D. Nahrgang [Authentic leadership and eudaemonic well-being: Understanding leader-follower outcomes, pp. 373-394] examine the Aristotelian concept of eudaemonia, which is the view of human happiness that assesses the goodness of life based on living in a manner that actively expresses excellence of character or virtue. From this they develop a multi-component model of authentic leadership and discuss the antecedents of authentic leadership as well as its outcomes for both leaders and followers.
- B. Shamir and G. Eilam ["What's your story?" A life-stories approach to authentic leadership development, pp. 395-417] argue that authentic leadership stems from the self-relevant meanings the leader attaches to life experiences. These meanings are captured in the leader's life story.
- R. T. Sparrowe [Authentic leadership and the narrative self, pp. 419-439] presents an alternative perspective on authentic leadership that is based on the framework of the narrative self. From this perspective, authenticity is not achieved by self-awareness of one's core values or purpose. Instead, authenticity emerges from the narrative process in which others play an essential and constructive role in the self. Implications are discussed for research and the practice of ethical leadership.
- S. Michie and J. Gooty [Values, emotions, and authenticity: Will the real leader please stand up? pp. 441-457] incorporate current theory from the emotion and positive psychology literatures to present an alternative role of emotions in leadership. In particular, it is argued that frequent experiences of positive other-directed emotions are an important part of authentic leadership.
- A. Eagly [Achieving relational authenticity in leadership: Does gender matter? pp. 459-474] argues that achieving relational authenticity requires that followers grant leaders the legitimacy to promote a set of values. Evidence is presented suggesting that obtaining this legitimacy is more difficult for female than for male leaders.
- C.D. Cooper, T. A. Scandura and C. A. Schriesheim [Looking forward but learning from our past: Potential challenges to developing authentic leadership theory and authentic leaders, pp. 475-493] caution that it may be premature to focus on designing interventions to develop authentic leadership before additional work is conducted to define, measure and research the construct.

**Giber, D., Carter, L., & Goldsmith, M. (Eds.). (1999). *Linkage, Inc.'s best practices in leadership development handbook*. Lexington, MA: Linkage Press.**

The book opens with a brief introduction by Warren Bennis; however, the bulk of the content is devoted to leadership development case studies from 15 different organizations, including Abbott Laboratories, AlliedSignal, BP Amoco, Colgate-Palmolive, Gundersen Lutheran Hospital and Motorola. Each case begins with a mission statement description of the initiative. Although the content categories differ by case, many include a brief overview of the respective organization, a section on building the business case for leadership development, a description of the actual leadership development process and the methodology of and insights gleaned from program evaluation. There is a brief conclusions section devoted to presenting survey results on leadership development trends and findings, including the (a) most important competitive and strategic business challenges (globalization, improving productivity and competition); (b) most common leadership competencies (builds teamwork, understands the business and thinks conceptually); (c) key features of leadership development (action learning, 360-degree feedback and exposure to senior executives); (d) critical factors that most affect the success of the leadership development initiative (support and involvement of senior management, continuous evaluation

and linking leadership development with strategic plan); and (e) evaluation methods used (reactions, behavioral transfer, results and learning in order of prevalence from most to least).

**Kaplan, R. E., & Kaiser, R. B. (2003). Developing versatile leadership. *MIT Sloan Management Review*, 44(4), 19-26.**

The core idea in this paper is that leaders often develop in ways that result in a lack of balance. In particular, leaders have the natural tendency to overdevelop one set of strengths at the expense of its counterweight. For example, at one end might be forceful leadership and at the other is enabling leadership. Either extreme is a vice such as being insensitive and callous (forceful to the extreme) or overly accommodating (enabling to its extreme). But more moderate positions are virtues such as taking stands and making tough calls or listening to others' opinions and ideas. The absence of imbalance is versatility in which an effective leader can draw from virtuous aspects of each approach that best fit with the situation at hand. Leaders can develop themselves by strengthening the weak side and moderating the overused side.

**McCall, M. W., Jr., & Hollenbeck, G. P. (2007). Getting leader development right: Competence not competencies. In J. A. Conger & R. E. Riggio (Eds.), *The practice of leadership: Developing the next generation of leaders* (pp. 87-106). San Francisco, CA: Jossey-Bass.**

The authors boldly state that leader development is not working. It is not working because the HR community has been star-struck by competencies and has forgotten about results. Instead of developing leadership competency models that support leader development programs, here is what the authors argue organizations should be doing:

- Identify challenges, not competencies.
- Identify experiences, not programs.
- Identify people who can make the most of available experiences.
- Create the means for getting people into the experiences they need.
- Help people learn from the experiences they have.

In achieving these re-focused goals, the importance of developmentally oriented leaders and the use of executive coaching will become increasingly important over time.

**McCauley, C. D., & Van Velsor, E. (Eds.). (2004). *The Center for Creative Leadership handbook of leadership development* (2nd ed.). San Francisco, CA: Jossey-Bass.**

The mission of the Center for Creative Leadership (CCL) is to advance the understanding, practice and development of leadership for the benefit of society worldwide. In pursuing this mission over the previous three decades, CCL faculty members have worked with hundreds of thousands of managers and executives across a broad array of organizations. The second edition of CCL's handbook of leadership development makes available much of the knowledge gleaned from this work. It is not a research-based perspective in most cases (although research is one of CCL's core areas), but rather it brings together and presents in one volume the practical knowledge that has been gained regarding leadership development. It does not provide a comprehensive review of leadership theories nor is it exhaustive in its coverage of all methods of leader and leadership development. Instead, it focuses on those areas in which CCL has considerable experience and expertise. The 15 chapters that comprise the book are organized into three parts: (1) individual leader development (e.g., feedback, coaching, developmental relationships, job assignments, evaluating impact); (2) leader development in context (e.g., leader development across gender and race, cross-cultural issues, developing global leadership and a lifelong development perspective);

and (3) leadership development (e.g., organizational capacity for leadership and exploration for development). A CD-ROM library of 15 papers authored by CCL faculty and researchers accompany the handbook.

**Mirvis, P., & Gunning, L. T. (2006).** *Creating a community of leaders. Organizational Dynamics, 35*(1), 69-82.

This article provides a description of the community building efforts at Unilever Foods Asia (the second author was then its president). The goal of the company's developmental initiative was to build the capacity of the entire leadership body to work together as a community of leaders. The method for doing this was through enabling the learning journeys of the individual while also building a sense of collective identity—"us." Actual journeys of up to a week were taken to places in India, China and Sri Lanka, where participants engaged with indigenous people, took part in self-reflection and used storytelling to share with others one's life history and lessons of experience. Rather than focus on building specific, traditional leadership skills as part of the development initiative, this approach had more to do with building meaning and perspective as well as community. As noted by Gunning, people want to live meaningful lives, live in service and care for others, have the freedom and opportunity to be creative, and grow and be part of an organization that allows them to contribute

to something bigger and more important than what they could do on their own. In short, the approach discussed by the authors is at the same time a very radical and worthwhile approach to leadership development.

**O'Connor, P. M. G., & Day, D. V. (2007).** *Shifting the emphasis of leadership development: From "me" to "all of us". In J. A. Conger & R. E. Riggio (Eds.), The practice of leadership: Developing the next generation of leaders (pp. 64-86). San Francisco, CA: Jossey-Bass.*

The role of identity in the leadership development process is examined. The chapter explores how action learning supported two organizations' efforts to address complex challenges in part by developing collective leadership identities. The focus was deliberately altered from developing "me" as a leader (individual identity) to developing the leadership in "all of us" (collective identity). The practices that supported the development of collective identities included creating alignment with organizational identity, building collective self-concepts and developing systemic social networks. In doing so, the participants in the action-learning initiatives produced outcomes of tangible benefit to their respective organizations in the form of competitive and innovative strategies, work processes and tools. Case study evidence is presented from two very different organizations. One case

organization was a medium-sized faith-based health care system with a strong service-focused culture, and the other was a very large quasi-governmental service agency with a strong operations-focused culture. Through the use of action learning, broader leadership capacity was developed in both of these organizations.

**Schriesheim, C. A. (2003).** *Why leadership research is generally irrelevant for leadership development. In S. E. Murphy & R. E. Riggio (Eds.), The future of leadership development (pp. 181-197). Mahwah, NJ: Erlbaum.*

This chapter highlights the scientist-practitioner gap when it comes to leadership development. The author discusses the core reasons he believes leadership research is irrelevant for the development of managers and leaders in work organizations. Specifically, six reasons for the gap between what leadership researchers provide and what HR professionals need are identified: (1) differences in language (abstract versus action-oriented); (2) differences in goals/objectives (statistical significance versus results); (3) lack of validity and irrelevance of validity for practice; (4) excessive intricacies in our theories; (5) assumed leader competence; and (6) assumed leader motivation and commitment. The chapter concludes with suggestion on how to narrow the research-practice in each of the six identified areas.



## FEEDBACK AND EXECUTIVE COACHING

**Church, A. H. (1997). Managerial self-awareness in high performing individuals and organizations. *Journal of Applied Psychology*, 82(2), 281-292.**

Many approaches to leader development focus on enhancing individual self-awareness. But what does self-awareness mean? It was operationalized in this study as congruence between self and direct reports' behavioral ratings. These ratings were examined for 134 high-performing and 470 average-performing managers across four databases. Results indicated that the high-performing managers were significantly more self-aware (i.e., had a smaller discrepancy between self ratings and direct report ratings) as compared with the average performers. In addition, the construct of self-monitoring personality was found to converge with managerial self-awareness. Overall, these results underscore the apparent importance of a leader understanding the impact of his or her behavior on others, especially direct reports. These results also suggest that enhancing managerial self-awareness is a worthwhile focus of leader development efforts.

**Feldman, D. C., & Lankau, M. J. (2005). Executive coaching: A review and agenda for future research. *Journal of Management*, 31(6), 829-848.**

Executive coaching has become very popular, and its use as a

developmental intervention for managers has increased dramatically over the previous decade. It is defined by the use of the following: (a) one-on-one counseling about work-related issues; (b) 360-degree feedback as a starting point to diagnose executive strengths and developmental weaknesses; and (c) the overarching purpose of improving leadership and performance effectiveness in the executive's current position. The present review examines the construct of executive coaching and whether professional training, client characteristics and types of coaching are related to the effectiveness of coaches. One of the current dilemmas is that executive coaching is an unregulated field. Anyone can label him- or herself an executive coach. There is no consistency in the background of coaches and no systematic relationship with coaching effectiveness. Most of the clients are senior- to mid-level managers who have performed well in the past but are struggling at present and those who have been targeted for advancement to an executive level but are missing some specific skills. Although practitioner articles far outnumber rigorous empirical studies of the outcomes associated with executive coaching, the available data suggest that coaching can enhance executive learning, self-awareness and certain leadership behaviors regardless of the particular coaching approach (psychodynamic, behaviorist, person-centered, cognitive therapy or systems-oriented). The authors conclude with suggestions for a future research agenda.

**Peterson, D. B. (1996). Executive coaching at work: The art of one-on-one change. *Consulting Psychology Journal: Practice and Research*, 48(2), 78-86.**

The author at the time of publication was the vice president and head of Individual Coaching Services at Personnel Decisions International (PDI). This article is from a special issue on executive coaching, defined as the process of equipping people with the tools, knowledge and opportunities they need to develop and become more effective. It outlines five research-based strategies that guide one-on-one coaching at PDI. These strategies include (a) forging a partnership such that you build trust and understanding so people want to work with you; (b) inspiring commitment to build insight and motivation so people focus their energy on goals that matter; (c) growing skills and building new competencies to make sure that people know how to do what is required; (d) promoting persistence to build stamina and discipline to make sure learning lasts on the job; and (e) shaping the environment in such a way that it builds organizational support to reward learning and remove barriers. The article concludes with a case study of a typical coaching participant as well as five tips for coaches based on the coaching experience of the author.

Smither, J. W., London, M., Flautt, R., Vargas, Y., & Kuchine, I. (2003). Can working with an executive coach improve multisource feedback ratings over time? A quasi-experimental field study. *Personnel Psychology*, 56, 23-44.

The focus of this study was on whether working with an executive coach as part of a multisource feedback program was more effective in terms of process and outcomes compared with not working with a coach. Participants were 1,361 senior managers who received multisource feedback, with 404 of them working with a coach to review their feedback and set goals. One year later, 1,202 senior managers, or 88% of the original sample, received multisource feedback from another survey. Results indicated that those senior managers who worked with an executive coach were more likely than other managers to set specific rather than vague goals and solicit ideas for improvement from their supervisors. The managers who were coached also improved more than other managers in terms of the ratings provided by direct reports and supervisors. The effect size for this difference was small, which raises some questions about the utility and return on investment of executive coaching.

Smither, J. W., London, M., & Reilly, R. R. (2005). Does performance improve following multisource feedback? A theoretical model, meta-analysis, and review of empirical findings. *Personnel Psychology*, 58, 33-66.

The core issue in this study was whether and to what extent recipients improve their performance after receiving multisource feedback. A meta-analysis of 24 longitudinal feedback studies was conducted indicating generally small improvements in direct report, peer and supervisor ratings over time. A theoretical model is then presented suggesting that some feedback recipients would be more likely to improve than others. It is hypothesized that performance is most likely to improve when (a) feedback confirms that changes are necessary; (b) recipients have a positive attitude about feedback in general; (c) recipients perceive a need to change their behavior; (d) they react positively to the specific feedback; (e) they believe change is possible; (f) they set appropriate goals to regulate their behavior; and (g) recipients take action that lead to skill and performance improvements. HR professionals are reminded that not all employees will benefit equally from multisource feedback. Providing a realistic preview of the feedback system to potential recipients might be one means of improving the long-term effectiveness of the system.

Ting, S., & Scisco, P. (Eds.). (2006). *The CCL handbook of coaching: A guide for the leader coach*. San Francisco, CA: Jossey-Bass.

The Center for Creative Leadership (CCL) has been involved with coaching leaders for over 30 years. This edited handbook is based on CCL's philosophy of leader development and its experience in the practice of leadership coaching. Much like the CCL handbook of leadership development, this is not a research-based volume. Instead, the various chapters that are authored by faculty members and coaches reflect the experience and expertise in coaching that has been gathered across the decades of coaching practice. The handbook is organized into five sections. Part one elaborates on the foundations of coaching, including the editors' view of coaching for development and a framework for leadership development coaching. Part two addresses coaching for special populations such as women leaders, senior leaders, coaching across cultures, leaders of color. Part three examines coaching for specific leadership challenges and capacities such as emotional competence, change and transition, physical well-being. Part four deals with different coaching techniques such as artful coaching, solution-focused coaching, constructive-development coaching. Part five addresses extending the coaching practice in terms of blended coaching, coaching teams and creating a coaching culture. The handbook also includes a CD-ROM library of 25 CCL publications on



topics such as enhancing 360-degree feedback for senior executives, coaching for action, preparing for development and using your executive coach.

## MENTORING AND DEVELOPMENTAL RELATIONSHIPS

Allen, T. D., Eby, L. T., Potteet, M. L., Lentz, E., & Lima, L. (2004). Career benefits associated with mentoring for protégés: A meta-analysis. *Journal of Applied Psychology, 89*, 127-136.

A total of 43 studies were reviewed using meta-analytic procedures to determine the overall career benefits of mentoring for the protégé. Comparisons between mentored and non-mentored protégés were made on objective (e.g., compensation) and subjective (career satisfaction) outcomes. Results suggested positive career effects of mentoring on protégé compensation, promotions, career satisfaction and commitment, expectations for advancement, and job satisfaction. No differences were reported for intention to stay. Although there were positive effects of mentoring on the career outcomes of the protégé, the effect sizes for the objective outcomes (compensation and promotion) were small. Although there were generally positive career effects associated with mentoring, no evidence was presented that mentoring enhances the development of protégés as leaders. Thus, the results are still out as to whether mentoring is an effective leadership development

intervention. Insufficient number of studies have been published on that relationship to include in the present meta-analysis.

Lankau, M. J., & Scandura, T. A. (2002). An investigation of personal learning in mentoring relationships: Content, antecedents, and consequences. *Academy of Management Journal, 45*, 779-790.

The focus of this study was on learning in the workplace, especially in terms of the antecedents and consequences of learning in the context of mentoring relationships. A measure of personal learning was developed and tested. Aspects of personal learning were found to mediate the relationships between mentoring and organizational consequences of role ambiguity and job satisfaction; however, no evidence was found to support the hypothesis that personal learning mediates the relationships between mentoring functions and turnover intentions. As organizations seek to become more efficient and effective learning entities, these results suggest that mentoring relationships can play a role in this process by enabling individual employees to enhance their personal learning.

Ragins, B. R., Cotton, J. L., & Miller, J. S. (2000). Marginal mentoring: The effects of type of mentor, quality of relationship, and program design on work and career attitudes. *Academy of Management Journal, 43*, 1177-1194.

Not all mentoring relationships are created equally. Like other work relationships, mentoring relationships fall along a continuum of effective to ineffective, functional to dysfunctional. The present authors distinguish between “good mentors,” “bad mentors” and “good enough mentors,” who have value albeit limited. This latter group is termed marginal mentors. A national sample of 1,162 employees was surveyed to determine the relationship between job and career attitudes and the presence of a mentor, type of mentor (formal or informal), the perceived quality of the mentoring relationship, and the perceived effectiveness and design of a formal mentoring program. Results suggested that satisfaction with a mentoring relationship was a more important predictor of protégé attitudes than the other factors. One implication of these findings is that senior leaders should be developed to be effective mentors and not leave this important leadership component to chance. It has been said that one of the most important jobs of a leader is to develop other leaders. Good mentoring is one way to help with that leader development mandate.

## SHARED LEADERSHIP

Hiller, N. J., Day, D. V., & Vance, R. J. (2006). *Collective enactment of leadership roles and team effectiveness: A field study. Leadership Quarterly, 17, 387-397.*

The focus of this study was on shared or collective leadership in autonomous work teams. In particular, the central research questions concerned the extent to which collective leadership was enacted in a state department of transportation road maintenance teams ( $N = 45$ ) and its correlation with performance. A 25-item measure of collective leadership was developed and tested. Items measured responses to the frequency that team members shared in (a) planning and organizing; (b) problem solving; (c) support and consideration; and (d) development and mentoring. Confirmatory factor analyses supported the four-factor structure for the collective leadership instrument. Results from a series of hierarchical regression analyses showed significant and positive relations between scores on the collective leadership instrument and the ratings of team performance provided by an external supervisor. The implications of these results include the possibility that leadership in blue-collar teams need not be the domain of a single leader. Leadership can be enacted collectively and informally by team members. In addition, collective leadership was shown to be positively related to team effectiveness. Thus, efforts devoted to developing collective leadership can be directed to even the lowest levels of organizations.

A key consideration is developing the capabilities of blue-collar team members to participate as informal leaders of their teams.

Klein, K. J., Ziegert, J. C., Knight, A. P., & Xiao, Y. (2006). *Dynamic delegation: Shared, hierarchical and deindividualized leadership in extreme action teams. Administrative Science Quarterly, 51, 590-621.*

This qualitative field study examined the leadership of extreme action teams, defined as teams in which highly skilled members cooperate to perform urgent, unpredictable, interdependent tasks with life-and-death consequences. These teams also must cope with frequent changes in team composition and ongoing training and development of novice members. The researchers interviewed team members of medical trauma resuscitation teams (attending surgeons, surgical fellows, nurses and residents) and observed teams as they performed their emergency response duties. At the core of this system is what the researchers term “dynamic delegation,” whereby senior leaders (e.g., attending physicians) engage in rapid and repeated delegation (and withdrawal) of the active leadership role to more junior members of the team. This is described as a type of leadership dance in which the three senior leaders (attending, fellow, resident) step forward or back in response to the patient’s changing condition and to the actions, competence and confidence of others in the leadership hierarchy.

In doing so, the trauma resuscitation team is able to uphold and protect its two key values: quality of patient treatment (i.e., reliability) and training and development of more novice members (i.e., capacity building). The findings from this study illustrate the dynamic nature of leadership processes in extreme teams and how ongoing delegation can be used to serve the ultimate goal of ensuring high-quality patient care while also developing the technical skills and leadership capabilities of more junior team members.

Pearce, C. L. (2004). *The future of leadership: Combining vertical and shared leadership to transform knowledge work. Academy of Management Executive, 18(1), 47-57.*

Traditional hierarchical approaches to leadership can be effective, but the situations in which those forms of leadership will be successful are becoming less common. Especially in areas termed knowledge work—areas requiring significant investment in and voluntary contribution of intellectual capital by skilled professionals—there has been a trend toward team-based leadership. One reason for this is that it is becoming increasingly more difficult for any one person to be an expert on all of the various aspects of the work or to handle the significant leadership challenges associated with knowledge work. The author outlines conditions under which shared leadership is more appropriate, including tasks

that are highly interdependent, require a great deal of creativity and are highly complex. In addressing how to develop shared leadership, the role of the vertical leaders, as well as the role of organizational systems, is examined. The formal leader can contribute to developing shared leadership through team design, boundary management and support of shared leadership. Organizational systems that facilitate shared leadership include training and development systems, reward systems and organizational culture. In conclusion, the author points out that shared leadership is not a panacea for organizations. The issue is not one of either vertical (i.e., traditional) or shared leadership but rather (a) when leadership is most appropriately shared; (b) how one develops shared leadership; and (c) how to best use both vertical and shared leadership to leverage the capabilities of knowledge workers.

**Pearce, C. L., & Conger, J. A. (Eds.). (2003). *Shared leadership: Reframing the hows and whys of leadership*. Thousand Oaks, CA: SAGE.**

This edited volume provides a comprehensive overview of the issues and advances in shared leadership. The book begins with an examination of the historical underpinnings of shared leadership showing that the concept has slowly evolved since the 1920s and the work of Mary Parker Follett. The challenge to its more rapid advancement is the prevailing leader-centric mindset that leadership must

always stem from the actions and behaviors of an individual leader. One possible reason for the broader acceptance of shared leadership today is that the challenges faced by organizations cannot be solved by any individual leader—at least not all the time. After setting the foundation for the evolution of shared leadership and why it is needed more than ever today, the book addresses additional issues that are organized into four sections: (1) conceptual models of shared leadership; (2) methodological issues in the study of shared leadership; (3) studies of shared leadership in applied settings; and (4) critiques of shared leadership theory. In conclusion, the limits and liabilities of shared leadership are discussed. These include a lack of knowledge, skills and abilities in the team; lack of goal alignment between team members and between the team and the organization; lack of time to develop shared leadership; and a lack of receptivity to shared leadership. As noted by the editors, the field of shared leadership holds remarkable opportunities for researchers and HR practitioners, and this volume offers a state-of-the-art treatment of this quickly emerging field.



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