



# High-Impact Leadership Development

*Best Practices, Vendor Profiles and  
Industry Solutions*

**Kim Lamoureux**

*Senior Analyst*

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## About This Report



### KEY POINT

Most executives understand that the future success of organizations lies in the bench strength of leaders and in the developmental opportunities that are afforded to them.

Leadership development<sup>1</sup> (LD) has quickly become one of the most important initiatives for HR and learning and development (L&D) managers. In fact, most executives understand that the future success of organizations lies in the bench strength of leaders and in the developmental opportunities that are afforded to them. In our *High-Impact Talent Management* research<sup>2</sup>, we asked more than 700 HR and L&D managers to rank their top talent-driven challenges. These managers indicated that “filling gaps in the leadership pipeline<sup>3</sup>” (51 percent of respondents) was their number one challenge – with “creating a performance-driven culture” (46 percent of respondents) and “difficulty filling key positions” (38 percent of respondents) rounding out the top three talent challenges.<sup>4</sup> Filling gaps in the leadership pipeline is clearly a new corporate imperative.

Developed after more than a year of research, this report answers key questions related to strategy, business impact and common challenges in the area of leadership development, including the following.

- How do organizations define leadership development?
- Do organizations recognize leadership development<sup>5</sup> as part of their talent management<sup>5</sup> systems?

<sup>1</sup> “Leadership development” is an ongoing systematic process that assesses, develops and grows talent at all levels of management, and integrates tightly with performance management and succession management.

<sup>2</sup> For more information, *High-Impact Talent Management: Trends, Best Practices and Industry Solutions*, Bersin & Associates / Josh Bersin, May 2007. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com) or for purchase at [www.bersin.com/hitm](http://www.bersin.com/hitm).

<sup>3</sup> “Leadership pipeline” refers to an organization’s ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets. (Also known as the “leadership bench.”)

<sup>4</sup> For more information, *High-Impact Talent Management: Trends, Best Practices and Industry Solutions*, Bersin & Associates / Josh Bersin, May 2007.

<sup>5</sup> “Talent management” is a set of integrated organizational processes designed to attract, manage, develop, motivate and retain key people. The goal of a talent management program is to create a highly responsive, high-performance, sustainable organization that meets its business targets.

- How do organizations integrate leadership development with other HR functions, such as recruiting and compensation?
- What are the key business drivers for leadership development?
- What are the hot topics for leadership development?
- How does leadership development fit into an organization's strategic business plan?
- What issues or challenges are businesses facing in developing relevant and effective leadership programs?
- How has leadership development evolved over the last few years?
- What is the maturity level of an organization as it relates to leadership development programs, processes and strategies?
- What does the target audience of leadership development look like?
- To what extent are senior executives playing a role in leadership development? How are they contributing?
- What tools, methodologies and approaches do organizations use to develop leaders?
- What factors contribute to the success or failure of leadership development initiatives?
- What factors influence the adoption and longevity of leadership development initiatives?
- Where are there opportunities for organizations to enhance their leadership development strategies and programs?
- How do leadership development strategies and programs impact an organization?
- How are organizations measuring and evaluating their leadership programs?

This in-depth industry study is based on extensive research into this complex and rapidly evolving market, and includes:

- In-depth interviews with more than 40 leadership development and L&D managers responsible for enterprise leadership development;



- Detailed briefings with 14 leadership development content and service providers; and,
- An extensive quantitative survey of 778 leadership development and L&D managers identifying key drivers, business challenges and trends in leadership development.

This report discusses trends, insights and specific recommendations that will help organizations understand how to successfully build, improve and manage their leadership pipelines. Throughout this report, you will find examples of best practices from a number of companies of different sizes and industries – and at different levels of maturity.

We hope this report will provide actionable<sup>6</sup> and insightful best practices for training, human resources and organizational development (OD) executives who are charged with the critical task of helping organizations improve current leadership and prepare for the impending shortage of leaders at all levels within the organization. Among other things, organizations will ultimately gain an understanding of how to:

- Take steps to implement each of the six best practices;
- Develop relationships with senior executives in order to gain their commitment for and involvement in leadership development;
- Develop a business case that includes critical information and demonstrates the business impact;
- Identify an approach for developing a high-value set of core competencies<sup>7</sup> for a given organization;
- Think through an appropriate and effective leadership program model that includes opportunities for learning, application and reinforcement;
- Instill steps into leadership development processes that will ensure strategic business alignment;

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<sup>6</sup> “Actionable information” provides data that can be used to make specific business decisions. Actionable information is specific, consistent and credible.

<sup>7</sup> “Competencies” refers to a set of clearly defined skills, behaviors and knowledge that are used to evaluate, assess and develop people. “Core values” are higher-level competencies (e.g., quality, customer service) that are often defined by the CEO, and used universally to evaluate and coach every employee in the company. Typically, there are only a few of these (five or fewer) and they are widely marketed throughout the organization.

- Use succession management<sup>8</sup> and performance management<sup>9</sup> processes to develop and maintain a solid leadership pipeline;
- Select a vendor that is best-suited and the most capable for providing solutions that will drive improved performance;
- Develop an effective and realistic leadership program evaluation strategy; and,
- Create a plan for moving up the Bersin & Associates Leadership Development Maturity Model® in a reasonable and timely way (for more information, please see section, “Moving from Level to Level”).

## Practices and Measures Studied

The goal of our research was to understand best practices in leadership development of high-performing organizations. Through this research, we were able to understand the impact that each best practice has on the overall effectiveness of an organization’s leadership development efforts. From there, we defined four levels of organizational maturity as each relates to leadership development. Finally, we were able to distinguish the impact that companies achieve at the varying levels of the Maturity Model based on four key business measures (see Figure 1).

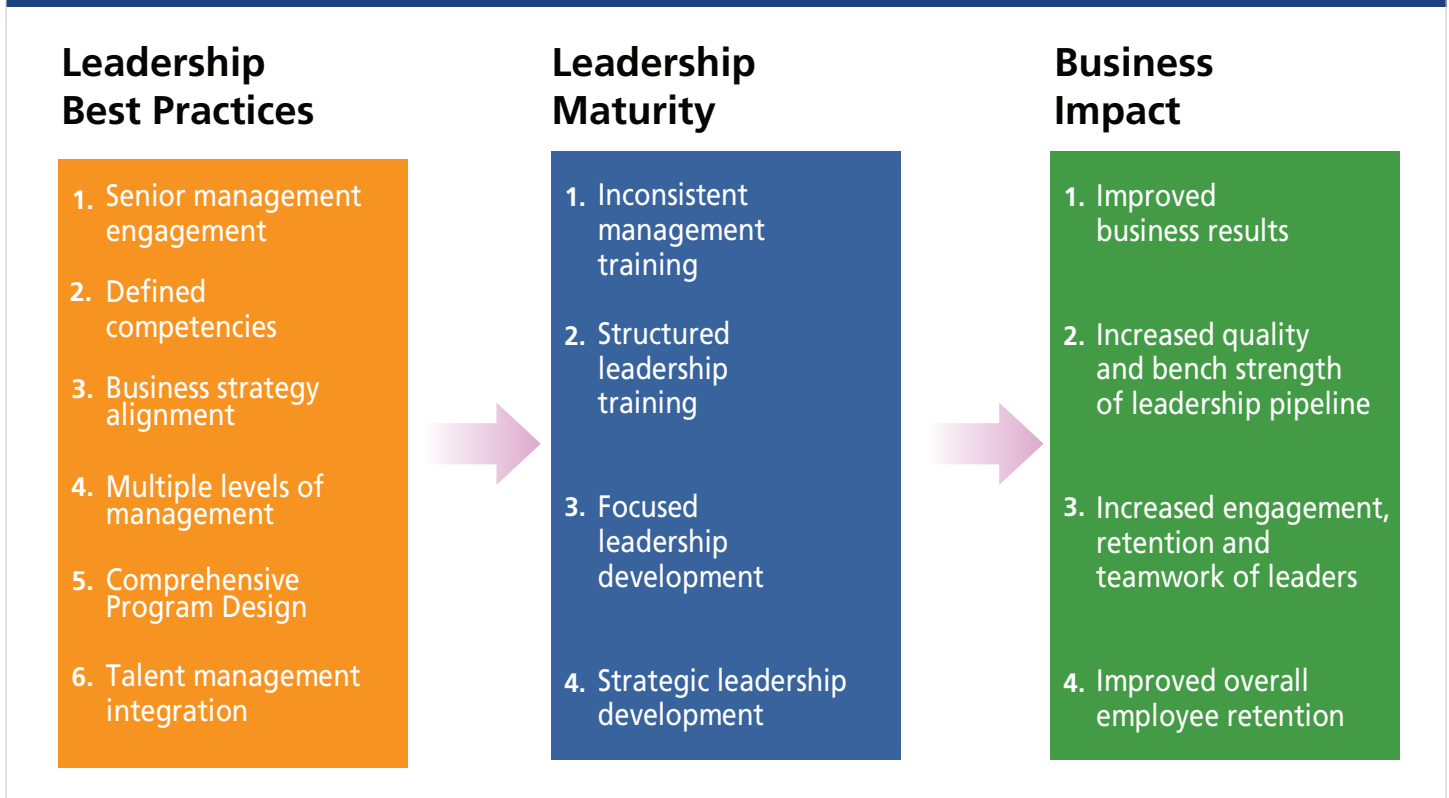
We discuss each best practice and Level of Maturity in great detail later in this report. In addition, these four business measures are discussed throughout the report, as well as in the section, “Business Impact of Leadership Development.”

One of the toughest challenges in business process research is trying to truly understand the business outcomes that result from a given approach. Ideally, we would like to see a direct relationship between a company’s leadership development program and an increase in retention, sales or profitability (just to name a few areas). Unfortunately,

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<sup>8</sup> “Succession management” refers to an organization’s processes for identifying, selecting and managing successors, as well as the processes of career planning and talent migration. Succession management must be closely aligned with learning and development.

<sup>9</sup> “Performance management” refers to all of the processes managers perform to effectively lead, manage, assess and develop employees. This typically includes goal-setting, cascading goals, self-assessment, manager assessments, 360-degree assessments and development planning.

**Figure 1:** Impact of Leadership Development

Source: Bersin & Associates, 2007.

because organizations are so complex and leadership development is so “intangible” this is never fully possible. Such research (if undertaken) would also never fully take into account such factors as a company’s product strategy or competitive environment, or company-specific issues like marketing, financial pressures and technology maturity.

Since we are focused on providing highly actionable and “pragmatic” information for HR and L&D professionals, we analyzed the impact of various processes on the four business measures as described in Figure 2. These impact measures (while not direct business outcomes) are four of the most widely recognized HR measures of business success:

- Driving performance;
- Increasing leadership bench strength;
- Increasing leadership retention; and,
- Increasing employee retention.