Closing the Leadership Gap

How to Build a Pipeline of Leaders

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Closing the Leadership Gap - *How to Build a Pipeline of Leaders*

Introduction

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Leadership is in demand everywhere. Organizations as diverse as schools, businesses, sports teams, and government agencies are seeking inspiring, innovative leaders. However, an alarm has been sounding for years about an impending leadership gap — the disparity between the skills and capabilities leaders currently have and those they'll need to lead effectively in the future.

Research regarding the extent of a leadership gap is sobering. Today, **77% of organizations** are faced with a leadership talent shortage, while fewer than 20% maintain a bench of capable leaders ready to fill critical roles. In addition, only:

77% of organizations are faced with a leadership talent shortage

- **48% of employees** view their organization's leadership as "high quality."
- **18% of leaders** say the leadership pool in their company represents different demographic backgrounds.
- **10% of CEOs** believe their company's leadership development initiatives have a clear business impact.

This is all despite global organizations spending **more than $60 billion** on leadership development programs every year. Clearly, revised approaches are needed.

Today, any organization seeking to position itself for the future would be well-served to assess potential leadership gaps. How do the capabilities of its current leaders align with what will be effective in the future? Does it dedicate time and resources to identifying and developing future leaders? Is its leadership quality well-received by employees, and what do they expect from leaders going forward?

However, when undertaking such a leadership gap assessment, **far too many organizations hold on to traditional views of what a leader should look and act like.** They don't use the opportunity to challenge assumptions and consider new possibilities, even though the complexity and volatility of today's workplace demand new ways of thinking.

Forward-looking organizations must seek to proactively understand the changes taking place and with them, the experiences, learning, and support current leaders need to excel.

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Leadership gap: the disparity between the skills and capabilities leaders currently have and those they'll need to lead effectively in the future

Laying the
Groundwork

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Leadership gaps can exist for several internal reasons. If an organization has a well-defined set of leadership expectations, it may be that some proportion of the leadership group has yet to master them. A gap may also occur if the expectations are well-defined, but accountability and reward are focused elsewhere.

With that said, leadership gaps may also be driven by challenging external factors that stem from the changing nature of work and the workforce in the 21st century.

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The leadership hierarchy has changed shape

Flatter organizational architectures eliminate much of what was previously a training ground for promising leaders. These architectures introduce more uncertainty into the opportunities future leaders have to develop their skills. Instead, lateral moves, special assignments, and job swaps have become much more frequent.

Leadership and management are not always synonymous

One holdover from traditional organization architectures is an overly narrow manager skill set. Today's effective leaders need to do more than manage. They must create the conditions for their employees to be successful through coaching, team-building, collaboration, and influencing.

Traditional office structure has been disrupted

The pandemic upended the traditional office structure and accelerated the work-from-home phenomenon. **With little face-to-face time and widely dispersed teams, leaders face new challenges** when it comes to creating the conditions necessary to drive employee success.

The attraction and retention of high-potential talent is a challenge

Millennials and Gen Z rarely share their predecessors' goal of a long career with the same employer. In fact, many see changing jobs as a way to expand their résumé. For an organization struggling to build its leadership pipeline, this revolving door can be a huge predicament — especially when high-potentials move to a competitor.

These and many other factors may be contributing to leadership gaps. That's why performing a candid leadership gap assessment is so vital.

Defining the organization's mission-critical leadership gaps

In order to build the skills leaders need to move the organization forward, it's vital to first identify the key business drivers for leadership development.

For example, if an organizational objective is to offer a best-in-class customer service experience, key questions to ask are: What role will leaders need to play to bring this to fruition? And, which capabilities will leaders need to demonstrate to support employees in creating that experience?

Linking business drivers to leadership skills enables the organization to create a roadmap for identifying mission-critical gaps and developing a powerful strategy for closing them.

There isn't a "one-size-fits-all" list of essential leadership capabilities. An organization has to identify the capabilities that are critical to its unique strategy. It must then assess the extent to which a leadership gap might exist and what it looks like.

When laying such groundwork, it can be tempting to label certain leadership skills as essential even if based only on intuition and a handful of organizational "role models." However, objective insight requires a multi-faceted approach.

It's beneficial to gather data and perspectives from the following sources. Here are some questions relevant to each group:

- **Senior leadership.** Where is the organization headed? What are its primary drivers and barriers? What is the perception of current leadership and the leadership pipeline? What is coming down the pike that the organization or its leaders will struggle with? What needs to be done to meet these struggles head-on?
- **Mid-level or developing leaders.** Which of your current capabilities are most beneficial to your team? What management situations challenge you the most? What learning or support would benefit you the most?
- **Individual contributors.** How supported do you feel by the organization's leaders? Do you have the tools and resources to do your job effectively? What compels you to show up for work every day?

These data and perspectives can be gathered in numerous ways, including surveys, 360º feedback, strategy workshops, and market analyses. As the information is acquired, the challenge is then to assess the gaps between the capabilities most in need of development and those most critical to the needs of the organization.

Emerging Themes in Leadership

When conducting a leadership gap assessment, it's important to cast a wide net. Changes in the competitive landscape or the potential workforce at large will influence where gaps exist and, in turn, the leadership skills an organization will need to foster.

As a starting point, consider the potential impact the following capabilities will have on your organization.
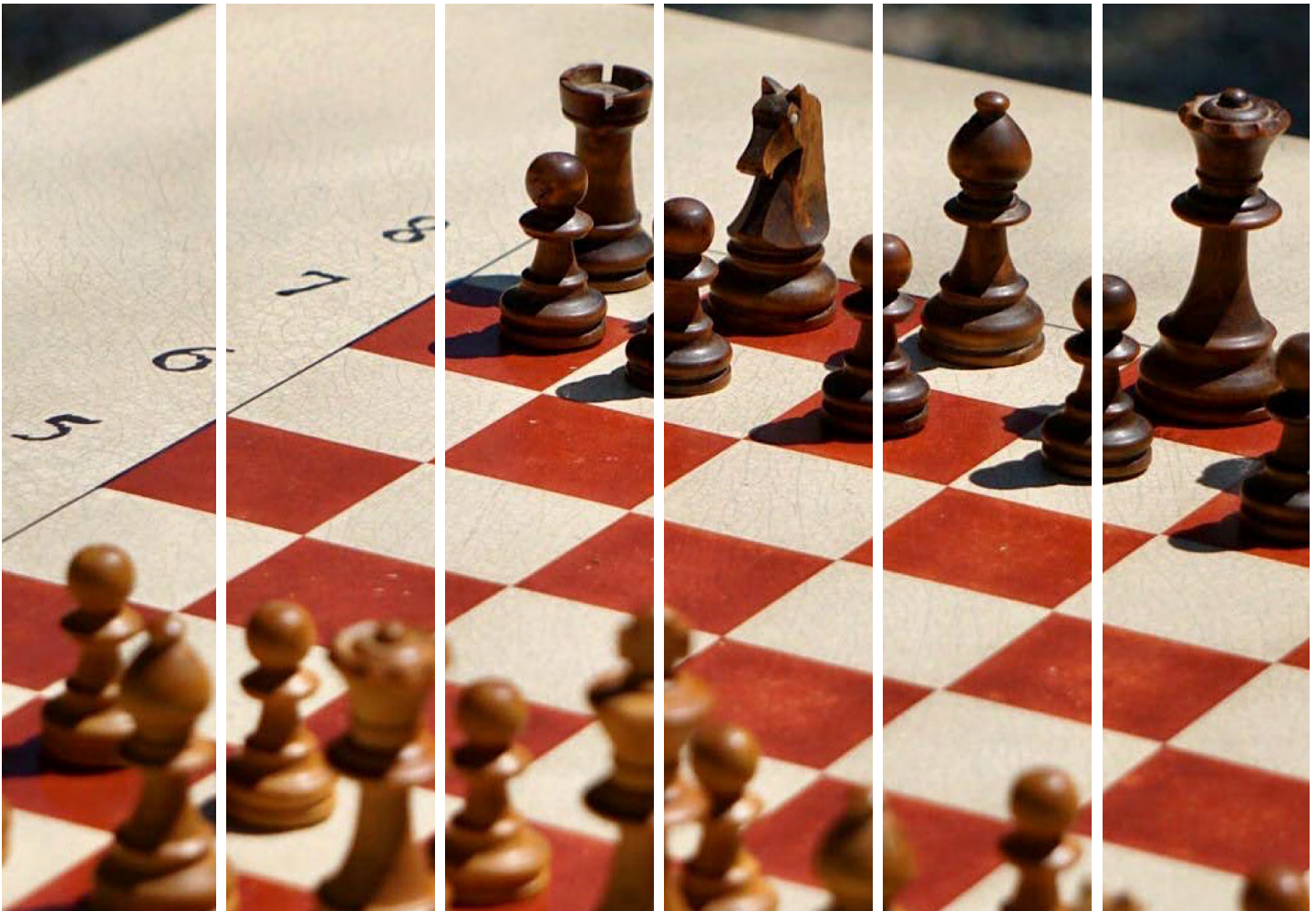

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Leading in VUCA environments

Volatility. Uncertainty. Complexity. Ambiguity. These conditions describe the state of the world of work today.

But while uncomfortable, these conditions also create opportunities for growth if leaders can help employees find a sense of equilibrium within the upheaval.

One tool leaders can add to their toolkit is the ability to help people maintain a sense of control and purpose. Employees who feel they are *making a choice* or have some measure of control are typically more positive about change. Conversely, those who feel change and uncertainty have been *forced upon* them tend to react negatively. Their emotional responses can run the gamut of fear, anger, grief, anxiety, and frustration.

Leaders can experience those emotions, as well. Therefore, effective leaders in a VUCA environment must first come to grips with their own emotions. If they want employees to remain engaged with changes all around them, it's their engagement as leaders that will make the difference.

> **Today's leaders must learn how to encourage new ways of thinking within their teams**
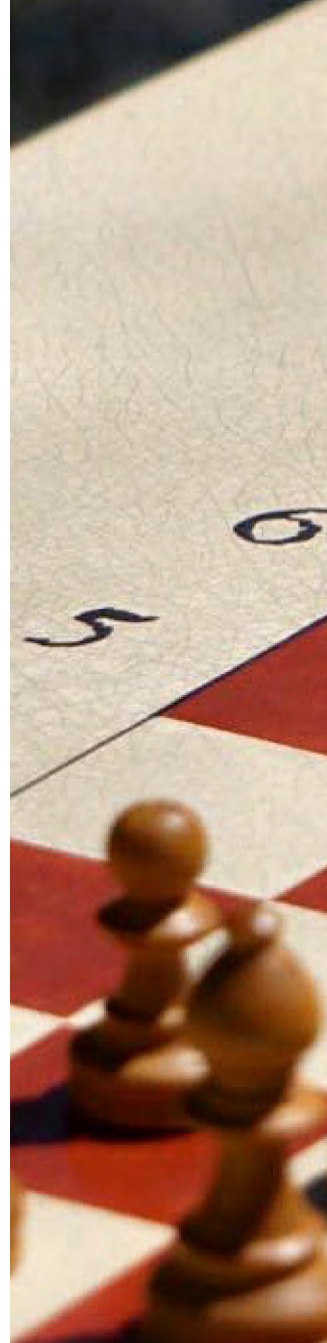
Innovation

A 2020 study by Microsoft found that organizations that foster an environment of continuous innovation outperform those that don't, in terms of long-term success.

To keep up with the rapid pace of change, today's leaders must learn how to encourage new ways of thinking within their teams.To do so, they can adopt processes that support innovation efforts, such as design thinking. Design thinking helps teams tackle ill-defined problems and generate solutions. Briefly stated, it is a five-step, non-linear process through which teams:

1. Empathize - Research people's needs or problems.
2. Define - State those needs or problems succinctly.
3. Ideate - Challenge assumptions to imagine creative solutions.
4. Prototype - Start to create those solutions.
5. Test - Try the prototypes out.

A major strength of this approach is that it is *human-centered*. Instead of asking, "How can we make this product or service better?" the design thinker starts with, "What does the user want and how can they benefit?"

Organizations can also foster a culture of innovation by developing strategic thinking skills within leaders. In the **Big Think**+ lesson below, Ian Bremmer, bestselling author of *The Power of Crisis*, discusses how to develop strategic thinking — a reasoning process that uses "curiosity, information synthesis, and pattern recognition to generate solutions and update your worldview."

**Big Think+ lesson** with Ian Bremmer

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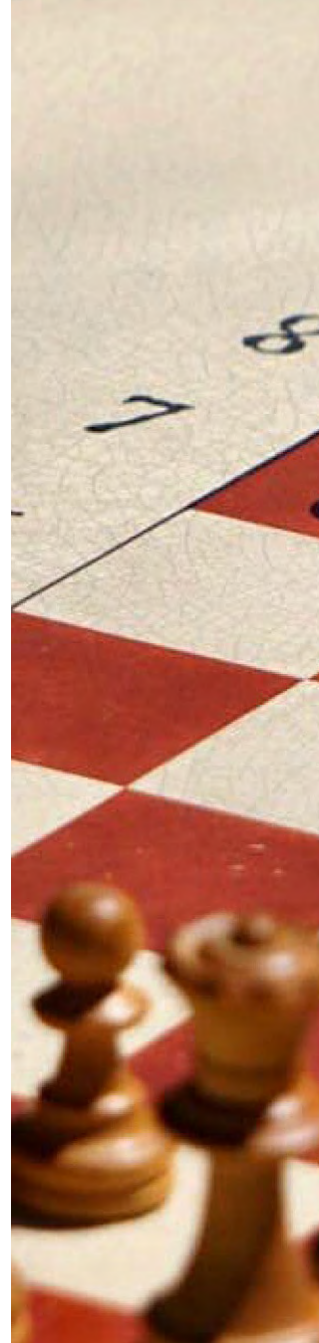
Digital fluency

The ability to learn, and relearn, new technologies is a basic requirement in most organizations. However, rapid technological change combined with workplace transformation has significantly ramped up the challenge.

Increasingly, digital *literacy* — the ability to use digital tools effectively — is no longer sufficient. The complexity of today's work environment requires digital *fluency* — the ability to envision new or improved ways to use available tools, to be open to trying new applications, and to assist others with making the transition.

With the rise of artificial intelligence tools, technological transformation of the business environment will only continue to grow. Today's leaders must not only choose which new technologies to adopt; they must also consider the impact those choices will have on their people.

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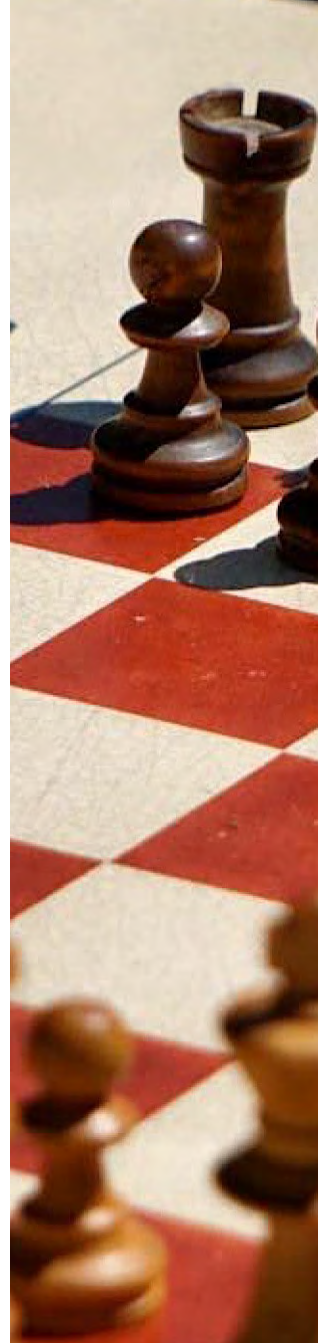
Inclusion

A recent survey showed that an organization's commitment to inclusion is important to <u>83%</u> of Gen Z job seekers. It's important to recognize, however, that building inclusion capabilities is a day-to-day, long-term commitment.

It not only entails developing a macro-awareness of how the organization's systems may hinder inclusion, but encouraging mindful attention to everyday behaviors and micro-actions.

Leaders must become intentional about understanding the experiences of marginalized groups, and humble enough to recognize the effect of their own unconscious biases. Both can lead to more inclusive leadership practices, such as creating opportunities for individuals of all backgrounds to participate in important discussions and decision-making.

In this **Big Think+** lesson, inclusion strategist Ruchika Tulshyan outlines a framework leaders can use to reflect on the perspectives of people with backgrounds different than their own.
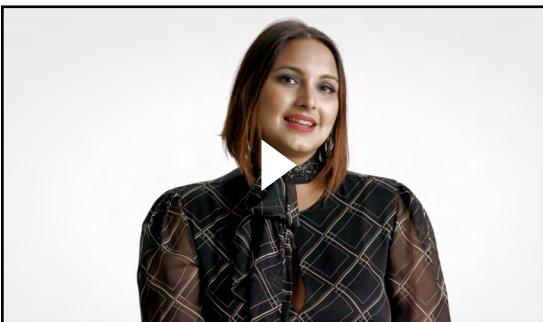
**Big Think+ lesson** with Ruchika Tulshyan

Virtual leadership

Leaders of virtual teams face complex challenges in engaging and motivating their direct reports. Approaches that worked in the office don't always translate in remote work settings.

And with team members "out of sight," it becomes easy to focus primarily on other responsibilities — causing direct reports to perceive their leader as less available.

Best practices for virtual leadership range from the "mechanics" — such as how platforms are used, how team members communicate, and how collaborative assignments are handled -- to the more challenging aspect of creating fulfilling work experiences.

If many are struggling to adapt to a virtual environment, closing the gap will require developing a clear set of expectations for leaders of virtual teams, providing guidance and feedback, and connecting accountability and reward to outcomes.
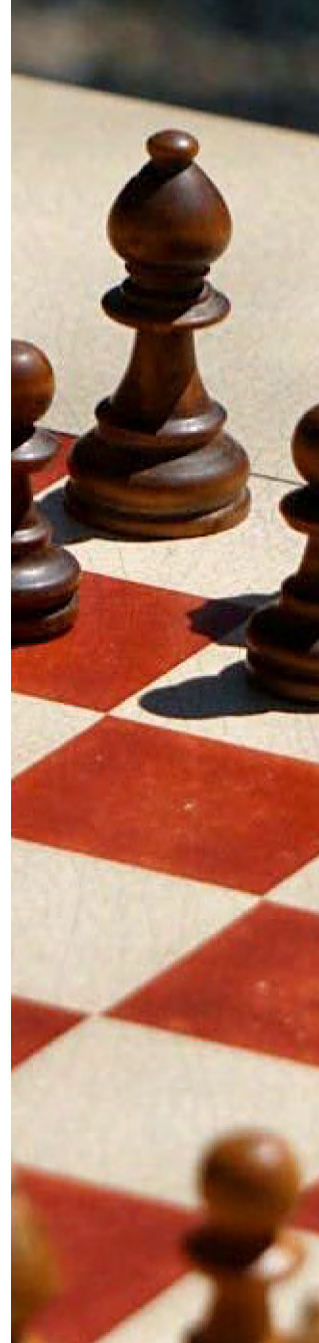
Emotional intelligence

Several studies have shown that workers are more likely to stay with their employer when they feel cared for and understood by their supervisors.

This is why emotional intelligence — the ability to manage one's emotions and understand others' to cultivate healthy relationships — stands at the core of effective leadership.

Leaders with a high EQ are also able to create higher levels of psychological safety within their teams. In the **Big Think+** lesson below, executive coach Alisa Cohn explains, "Psychological safety is the feeling that you're not going to be blamed or shamed for something that happens in the workplace. That is so important to unlock the full potential of the employees around you."

Big Think+ lesson with Alisa Cohn

Today's organizations recognize the need to take calculated risks in an uncertain environment. The presence of a robust "safety net" can be a catalyst for making that happen, and developing emotional intelligence is the key to creating this sense of psychological safety.

A Framework for Leadership Development

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The Center for Creative Leadership's 70-20-10 methodology offers an excellent framework for leadership development programs.

Seventy: According to the Center's research, the most impactful leadership development programs allocate 70% of learning to targeted, challenging, on-the-job experiences. These "stretch" assignments could include moving into a new role, leading a special project, tackling a turn-around situation, or taking on additional responsibilities. These assignments should include elements of diversity, adversity, and intensity so the learning experience becomes significantly more powerful.

Twenty: The next 20% of experiences should comprise developmental relationships. These might **include mentoring from senior leaders or others who have blazed the trail previously.** Ideally, it also incorporates professional coaching to help navigate current assignments and prepare for a future role.

Ten: The final 10% is coursework and training through which promising leaders can be introduced to concepts, approaches, and ways of thinking they might not encounter otherwise. Today, formal learning offers a wealth of opportunities not previously available, especially with the advent of e-learning.

Through e-learning, participants can hear from renowned speakers, be introduced to concepts they can transfer to the workplace, and use scenarios to practice and test their understanding. It is also an excellent complement when classroom training is part of the mix. Concepts, techniques, and pre-work can be introduced beforehand, making the in-person experience more impactful.

With all of these development approaches and tools, the most critical components continue to be rigorous planning, continuous engagement, and commitment — by existing leaders, the learning and development team, and the emerging leaders themselves.

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Three Success Factors

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Every organization's approach to leadership development will vary, however there are certain critical success factors to consider.

Senior Leadership Support

The first, and perhaps most essential, is senior leadership support and commitment. In some organizations, this might exclusively be the C-suite. In others, it might break down by division, department, or other groupings. Regardless, senior leaders must be willing to commit budget, resources, and their strategic vision toward the success of the program.

Without support at the senior level, leadership development efforts run several risks, such as:

● A mismatch between the skills deemed essential by senior leaders and those being targeted for development.
● A perception by those selected for the leadership program that senior leaders don't support or recognize their efforts.
● The risk that leadership development program elements will be dropped or scaled back due to a reallocation of budget or resources.

> **Senior leaders must be willing to commit budget, resources, and their strategic vision**

A Commitment to Diversity

A second critical success factor is committing to a candidate selection process that seeks out a diverse range of perspectives, backgrounds, experiences, and skill sets. **Research** has shown the benefits that diversity brings to an organization, such as enhanced problem-solving and innovation.

For purposes of leadership development, it plays an important role in aspiration. **People want to see others with similar backgrounds in the roles they aspire to.** If few are there, they may choose to self-select out and find other opportunities.

Sustainability

A third critical success factor is retaining high potentials and sustaining momentum. High potentials in one organization can be highly sought after by others, with possible offers of a higher salary, a more senior position, or other enticements. To reduce the pull of a new employer, it's vital that each high potential *understands* how valued they are and *experiences* the value they'll gain by remaining where they are.

To that end, each individual should have regular career path discussions, senior leader mentoring, exposure to higher level business issues and insights, and challenging developmental assignments. A designated coach can also be a tremendous resource for helping high potentials feel supported.

Organizations have many choices to make in structuring their approach to leadership development. For example, should opportunities be open to everyone, or are resources best directed toward a selected sub-set? What does it mean to be high potential and how will these individuals be identified? What types of development opportunities are allocated to which groups? Choices may in part be dictated by budget and resources, but various approaches should be considered.

Regardless of how it's structured, high-quality, consistent leadership development is not a "nice to have." Organizations that expect to thrive now and in the future understand the criticality of investing in their leaders.

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Mind the Leadership Gap

A strong, resilient leadership pipeline isn't built in a day, a month, or even a year. And as research is showing, organizations must be prepared to assess and adapt their approach to leadership in response to changing external and internal business needs.

Ideally, leadership assessment and development is a core component of the organization's overall strategic plan, with actions and outcomes closely monitored, evaluated, and updated.

It bears repeating that a commitment to leadership development starts at the top. An active partnership among human resources, learning and development, senior leaders, and the broader leadership team sets the foundation for sustaining a leadership "mindset" throughout the organization. From that foundation, each organization can identify the most valuable bricks for building its leadership development structure, and the pipeline process to accompany it.

There are three "I" qualities that serve to differentiate outstanding leaders: **the ability to inspire, influence, and instill an organization's values.** It's evident that today's workforce is looking for leaders who can bring these qualities to the table — and they will continue to search until they find them.

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About
Big Think+

Big Think+ is a digital learning solution that helps organizations get smarter, faster. Our diverse library houses more than 1,000 micro-lessons designed to build the capabilities necessary for success in the 21st century.

From leadership with Simon Sinek to design thinking with Sara Blakely, **our lessons are taught by world-renowned thought leaders** and use the best in adult learning practices and human-centric design.

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