

# The Leadership Pipeline: Are the right leaders in the right jobs?

## Introduction

Commentators on business and organization development are repeatedly saying we are facing a serious lack of effective leadership in organizations today. Often repeated themes include:

- Most leaders are retiring without leaving effective successors.
- Most organizations are recruiting from outside for replacement leaders because they haven't developed future leadership capability from within their organizations.
- Even organizations that are investing in well-funded leadership programs aren't getting the results they need. Often they are adopting programmes which last only as long as the current leader stays. Thereafter, the new leader brings a new approach, so leadership programmes tend to be gimmick driven.
- There is little take-up with regard to national standards for leadership. Most programmes and approaches are made up in response to problems rather than driven by principles.

In *The Leadership Pipeline: How to Build the Leadership-Powered Company*, (Charan, Drotter and Noel, 2001, Jossey-Bass), the authors set out a new foundation for leadership development that aims to bring clear value to organization life and performance. Their model helps us to understand and measure leadership performance and acknowledges that the results required of leaders change as they move through an organization's hierarchy. Such change is related to skills, time application and work values (see Table 1).

Charan, et al's operating definition of leadership is *to make performance happen*. Moreover, management and leadership '*potential*' comes a distant second to *making performance happen*. This being the case, organizations need to move away from the many programmes in which potential is the focus. Leadership is not about new programmes, it's about establishing an enduring and flexible architecture that makes performance happen, gets the work done, and achieves results. The goal of effective HR management is to get full performers in every job, now and in the future, no matter how much the work changes, and to retain only those jobs that are absolutely necessary. Having high performance people in unnecessary jobs is a waste for the organization as well as for those that occupy such positions. And it creates energy around things that aren't important. The place from which to start is the work itself and then work out the jobs/positions that need to be established.

Knowing when and how to select leaders is critical. Most organizations wait too long to choose the new person, and often give the position to someone from outside the company. In more successful organizations, however, good leaders are grown not imported and the selection is not based on personality or an arbitrary set of standards. Promoting top business school graduates with MBAs and intellect is of limited value unless they are both willing and able to *get things done*.

## Understanding Performance

Drotter proposes that 75% of the causes for work not being done can be attributed to the leader because:

- Jobs and goals aren't clearly defined;
- The leader is inaccessible because s/he's too busy - often doing work that the subordinate could do:
- The leader recruited the wrong person (this isn't the recruited person's fault!).

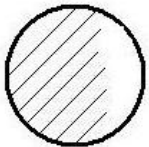
If we accept this view, it becomes critical to test future leaders before promoting them. The key question to ask yourself is, “Can they handle additional challenges while keeping up with present responsibilities?” If they can sustain current performance while successfully leading others, they may have what it takes. But how can you tell?

**Moving through the pipeline - required changes in time application, skills and values.**

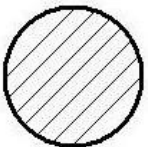
	<b>Change in time application</b>	<b>Change of skills</b>	<b>Change of work values</b>
<b>From managing self to managing others</b>	First-line managers must learn to allocate time so that not only is their own assigned work completed, but also they help others perform effectively (not the same as 'doing the work for them!').	Shifting from doing work to getting work done through others.	From valuing their individual work to valuing managerial work.
<b>From managing others to managing managers</b>	In this phase managers should only manage. They need to divest themselves of individual tasks.	Selecting people to turn passage one, assigning managerial and leadership work to them, measuring their progress as managers and coaching them.	Learning to hold first line managers accountable for managerial work rather than technical work.
<b>From managing managers to functional manager</b>	Here the focus becomes one of participating in business team meetings and working with other functional managers. The task is to create a functional strategy that enables staff to do something better than the competition and develop a sustainable competitive advantage within their function.	Developing new communication skills and being able to manage some areas that are unfamiliar. Learning to consider other functional needs and concerns. Team working with other functional managers and competing for resources based on overall business needs.	Adopting a broad, long-term perspective.
<b>From functional manager to business manager</b>	Allocating time to think is a major requirement at this level. Business managers need to stop doing something every minute of the day and reserve time to reflect and analyse.	Business managers are responsible for the bottom line. Rather than consider the feasibility of an activity, the business manager must examine it from short and long term profit perspectives.	Valuing the success of their own business.
<b>From business manager to group manager</b>	Here the transition for the manager is from running their own business to succeeding indirectly by managing and developing several businesses and business managers.	The skill set is associated with being able to evaluate strategy in order to allocate and deploy capital, develop business managers, develop and implement a portfolio strategy, and assess whether businesses have the right core capabilities to win.	Deriving satisfaction from the success of other people's businesses. Appreciating the management of a portfolio of businesses.
<b>From group manager to enterprise manager (CE)</b>	This top level position involves the setting of direction and development of operating mechanisms to know and drive quarter-by-quarter performance that is in tune with the longer term strategy. A subtle shift takes place from strategic to visionary thinking and from an operating to a global perspective. The task is to let go of the pieces and focus on the whole. It's about assembling a team of high-achieving, ambitious direct reports, knowing some of them will want the position you occupy!	The ability to manage a long list of external stakeholders proactively is essential for success at this level.	Learning to value trade-offs. Appreciating managing one holistic entity with a deep appreciation of systemic influences and effects.

**Table 1**

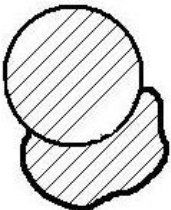
Drotter has developed the idea of ‘performance portraits’ to provide an initial indication of where a team member is positioned within their job – and goes on to describe the leadership task associated with each portrait. Below are some generic portraits you might recognise from your own experiences of leading teams. Everything within the circle is the responsibility of the individual who holds the job. Everything outside the circle is the responsibility of someone else. The lines stand for achievement against seven basic performance standards, i.e. operating results, customer results, leadership results, management results, relationships, social responsibility, and individual technical competence. You might wish to allocate different attributes to the seven lines. A full line indicates that the performance standard is being achieved. An incomplete line indicates that it is not.



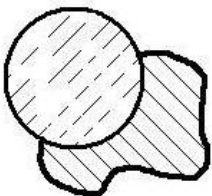
**Not Yet Full Performance:** Performance is marginally okay, but some of the competencies are not in place. Your leadership task is to establish what’s in the way, and help this person transition to the following model.



**Full Performance:** The direction is set, shortfalls have been met, operating plans are in place, results are measured, and goals are being achieved. This person is a prize member of any team and tends to be overlooked. Your leadership task is to keep the team member challenged, reward performance and give them important/challenging new assignments as well as seek their opinion on key issues. However, and this is crucial, do not promote such a person without testing their her capacity to do more.



**Growth Potential:** Exceptional performance that includes performance beyond required results. Future leaders often come from this model. However, the team member may feel restless and vulnerable to a head-hunter’s call. Your leadership task is to add more challenging assignments or move the person to the next leadership level. Expect a temporary performance gap at the next level because it will take time to become capable of delivering strong results with the new demands.



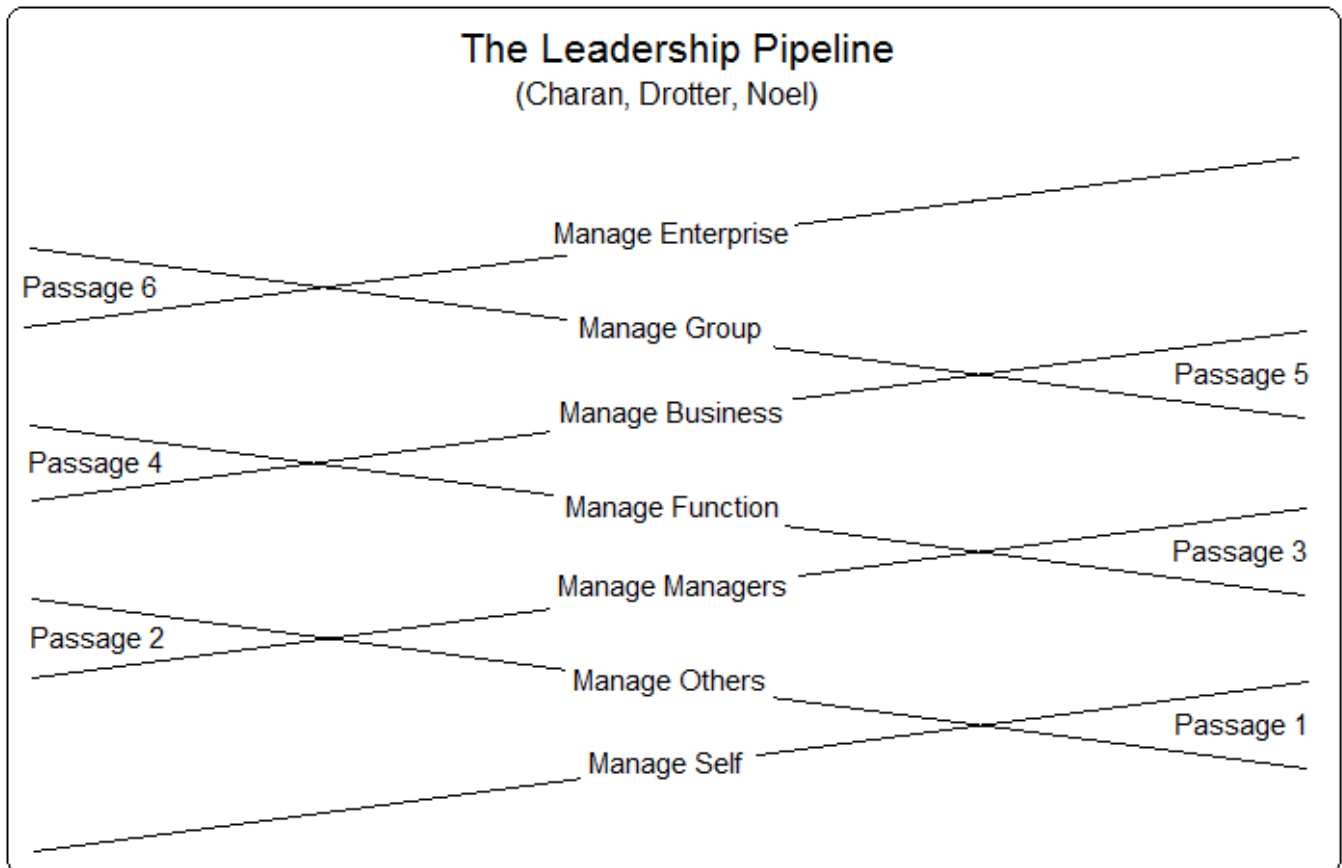
**Inappropriate Performance:** This team member does some of the job but spends time on non-essential or inappropriate things. This person may think he/she should be higher in the organization. They may spend time resisting, disagreeing, and letting people know how the job should be done. Your leadership task is to have challenging conversations with a focus on required performance. Change is unlikely to happen overnight. However, don’t be hesitant to remove people who continue to say “This job is awful” and who don’t meet performance expectations.

The work of the leader who accepts that performance and succession management is a key part of their role is to help people move through these steps. In addition, building transition coaching into an organization’s repertoire will undoubtedly add value to the whole process.

Returning to an earlier point, all levels have to deliver, but each has to deliver something different. Included in Charan, et al’s pipeline model are six transitions or passage points. At each of them, a promoted leader has to shift to a new layer of responsibility and performance. Showing up at work and doing what s/he did before won’t be enough. A successful succession plan understands that current and future leadership performance differs by layer, and each layer must work at the right level if dysfunction is to be avoided. A question to ask is, ‘What difference in results are you seeing because of the people in management jobs?’ If the differences are not evident, you’re overpaying! What do you get for increased salaries that couldn’t be got by individual contributors at a lower cost?

## The Six Transitions of the Leadership Pipeline

Next we will look at the six transitions or passage points proposed by Charan et al.



### Beginning of career/appointment - Self Management

In the first six months on the job, values are established that stay forever. The management task is to help good individual contributors move from being managed, i.e. doing only what they are told to do, to self-management, i.e. to engaging their initiative and managing themselves. Self management may be exactly where some contributors are best suited. It is important that you are not seduced into promoting good individual contributors to management positions unless there is clear evidence of management capabilities and interest. You are looking for leaders who instinctively lead every time they can - just as avid golfers golf every time they can. It is worthy of note that the best technical people are often least likely to become effective managers. In fact, given a promotion to which they are not suited, and which overly challenges their skills and preferred behaviours, individual contributors may begin to cause significant team problems. Ideally, there should be a technical career path to allow good individual contributors to grow their earnings and assume greater *technical* responsibility.

### Passage One - Managing Others

Although this may seem like an easy and natural leadership passage, it requires a new value system in which managing assumes a higher value than doing self-managed work. People often trip up here. The biggest problem is that individual contributors who are promoted often keep doing what they were doing before but at a more frantic level. This causes the people who report to them and who are looking for *leadership* from their managers to become disillusioned with management. A leader's job is to help others do their work well. Good managers of others don't solve their people's problems - they support their people to solve their own problems. Their job is one of planning and assigning work, filling jobs, coaching and measuring the work of

others. They shift from doing work to making sure that others are doing the work. Because the pressure to spend more time on managing will increase with each passage, managers of others must begin making the change at this level to avoid becoming liabilities and clogging the pipeline as they move up. The most difficult transition for managers to make at this passage is to learn to value managerial work rather than just tolerating it. They must then learn to value making others productive more than they value their own individual contributions. And their values-set should be aligned with getting their job satisfaction from managing and leading others.

### **Passage Two - Managing Managers**

This is totally different to managing others. People at this level select and develop the people who will eventually become the organization's leaders. They get results by getting managers to manage others. In essence, this is *pure management*. Therefore, it's critical that promotions to this level be based on demonstrated leadership ability rather than on technical competence. A manager of managers absolutely has to make this layer work by holding their managers of others accountable. They must select the managers, assign managerial and leadership work to them, measure their progress as managers, and coach them. Successful performance in this key level is fundamental for breaking down organizational silos and creating lateral organizations where performance takes precedence over structure. Managers of managers must begin to think beyond their own unit and connect their unit to others. Should they continue to operate with a tight focus on their own arena, they will fail to build communications and operating bridges to others.

### **Passage Three – Managing a Function**

Managers of functions are totally focused on productivity, even while they are involved in strategy. Their task is to require managers of managers to run the operation while they, the functional managers, make the future better. At this layer, they often manage things they haven't done themselves. They must endeavour to understand "foreign" work – and value it. Functional managers need to become skilled at recognizing functional needs and concerns, usually working in a team with other functional managers to achieve objectives. This takes time away from departmental responsibilities, so delegating to managers of managers becomes even more critical. Futuristic thinking, i.e. recognizing, organizing and implementing long-term strategies, often troubles managers at this level. Essentially, functional managers need to be stretching to find sustainable competitive advantage rather than concentrating on immediate yet temporary success.

### **Passage Four - Business Managers**

Often called multi-functional managers, business managers have the most challenging job of all - and in many ways the most satisfying. On the one hand, they must integrate functions including many they may not fully understand. On the other, they gain significant autonomy and leadership liberation. Thus, this level creates the greatest number of stumbling blocks and the greatest incidence of failure because business managers have responsibility for both cost and revenue. They have to break away from functional thinking to focus on strategy, i.e. move from looking at plans and proposals functionally to embracing profit perspectives as well as long-term views. Their work is a balancing act between future goals and present needs and they often have to make trade-offs between the two. This requires thinking time. Good business managers reserve time for reflection and analysis. This is very difficult if they continue *doing* things. Learning to accept advice, trust other people and welcome feedback - especially from the functions they have not worked within - is essential for business managers. A common oversight at this level is failure to recognize and use staff functions such as human resources, finance and legal support.

### **Passage Five - Group Managers**

Rather than valuing the success of their own business, group managers value the success of the business managers who report to them. When group managers don't receive the attention and credit they think they deserve, they may become frustrated and feel that their authority is being threatened, or that they could operate the various businesses better than their business managers. At this level, a critical shift in skill sets and values is essential. Group managers must become proficient at evaluating strategy for capital allocation and deployment. They must develop their business managers as well as their function managers who need to be ready to become business managers. In addition, group managers need to question their mix of businesses in terms of present and future utility to the organization. And finally, they need to assess core capabilities by objectively looking at their resources including human resources and making judgments based on analysis and experience of where resource enhancement is needed. As broad-span executives, group managers need to balance the competing demands of a host of stakeholders including communities, industries, governments and funders/the stock market. Their perspective needs to be broad rather than specialized with generous attention being paid to risks, uncertainties and expanded time lines. In summary, they must adopt a corporate view.

### **Passage Six – Enterprise Managers**

More commonly termed Chief Executives, enterprise managers are focused much more on values than on skills. The organization and its people look to enterprise managers for long-term visionary thinking as well as immediate quarter-by-quarter performance. Good enterprise managers learn to value trade-offs as a means of developing their outward-looking global-thinking perspectives. Their performance may be judged by the success or failure of three or four decisions per year. Preparation for a Chief Executive's position is often the result of diverse experiences over a long time during which they are given the opportunity to stretch their skills. If they have skipped levels in their development, they and their organizations will be burdened by the equivalent gap in their leadership ability. Consider the formidable challenges they face:

- Delivering consistent, predictable top and bottom line results
- Setting the enterprise's vision and direction
- Shaping the soft side of the enterprise
- Maintaining an edge in execution and continuous improvement
- Managing the enterprise in a global context.

The majority of an enterprise manager's time is spent on external relationships. This may lure them away from paying attention to their organization. Consequently a successful operation may quickly go off the rails. Taking advice from a Board of Directors who may be less informed about insider perspectives is a frequent challenge. Good enterprise managers learn to pay attention to Board advice - and to educate the Board to give better advice.

### **Learning Activities**

1. Consider using Portraits of Performance as a means of quickly assessing the performance and position of your team members. How might you build this into your regular performance reviews? If you were doing this for yourself, what would your Portrait look like? What needs to happen to complete the lines within your portrait and the portraits of your team members?
2. In your organization is the Leadership Pipeline clear? If there are gaps, what can you do to begin bridging them? Who in the organization might you enlist to get the ball rolling?