VISTAGE

White Paper

The Next Generation of Executive Leadership:

Building Critical Skills in "Pre-Suite" Leaders

VISTAGE

The right kind of leadership training will provide up-and-coming executives with the diverse and wide-ranging skills, knowledge, and mind-set that will be required in the coming decades.

In this white paper, we'll discuss the leadership skills that are critical for "pre-suite" executives, and how best to cultivate those skills individually and in teams.

We'll explore:

The six critical leadership skill sets that executives need to succeed in today's workplace.

The three key questions to ask when creating a leadership development program that will be most effective for a particular organization or group of employees.

The five necessary elements of an effective leadership development program.

Using the "Leader Connect" program at Equifax as a case study, we'll make recommendations for effective ways to prepare the next generation of executives to step quickly and confidently into the demanding leadership roles of 21st century business.

Building Critical Skills in "Pre-Suite" Leaders

You would think that businesses today could finally feel the economic "winds" are blowing in their favor. Profits are up while wages and costs remain steady; the global economy, if still unsettled, is improving; many companies are cash-rich enough to look to expand through mergers and acquisitions.

But forward-thinking CEOs and C-suite executives know that a significant problem is just over the horizon. **There is a growing *leadership gap*—in both the number of candidates available for management/executive positions and the kinds of skills those candidates currently possess.** "Executives are struggling with leadership gaps at all levels—from first-line supervision through top leadership," writes Josh Bersin, founder of Bersin by Deloitte, a research and advisory firm focusing on HR and talent management issues. "More than 60 percent of all companies cite 'leadership gaps' as their top business challenge."[1] Other recent studies by management organizations reveal the following:

- In 2012, 60 percent of 596 business executives surveyed by Ernst & Young's Corporate Executive Board reported that their organizations were experiencing a leadership shortage — an increase of 40 percent from 2011.[2]

- That same year, McKinsey & Company asked more than 500 human resource executives to rank their top three human-capital priorities. Almost two-thirds (63 percent) identified leadership development as their highest present and future concern.[3]

> "The one thing I have learned as a CEO is that leadership at various levels is vastly different. When I was leading a function or a business, there were certain demands and requirements to be a leader. As you move up the organization, the requirements for leading that organization don't grow vertically; they grow exponentially."
>
> **Indra Nooyi,
> Chairman and CEO, PepsiCo**

1   Josh Bersin, *Predictions for 2014: Building A Strong Talent Pipeline for The Global Economic Recovery—Time for Innovative and Integrated Talent and HR Strategies* (Oakland, CA: Deloitte Development LLC, 2013), 5.
2   Beth Brooke and Peter Matthews, *Paradigm Shift: Building a New Talent Management Model to Boost Growth*, EYG No. EX0148 (New York: EYGM Limited, 2012), 5.
3   Rebecca L. Ray, Charles Mitchell, Amy Lui Abel, Patti Phillips, Emily Lawson, Bryan Hancock, Allison Watson, and Brooke Weddle, *State of Human Capital 2012—False Summit: Why the Human Capital Function Still Has Far to Go, No. R-1501-12-RR* (New York: The Conference Board, Inc., and McKinsey & Company, Inc., October 2012), 8-9.

- A 2011 survey conducted by professors at Harvard Business School revealed that only 15 percent of companies based in North America and Asia feel they have enough qualified successors for key leadership positions in their pipelines. In Europe, the number was somewhat better (30 percent) but that still means 70 percent of companies believe they have an inadequate number of leadership candidates for their needs. In emerging markets, the shortage of experienced managers was expected to continue for another two decades.[4]

- According to Pankaj Ghemawat, Anselmo Rubiralta Chair of Global Strategy at the IESE Business School in Barcelona, Spain, 30 percent of U.S. companies admit that they have failed to exploit their international business opportunities fully because they lack enough leaders with the right capabilities.[5]

This low confidence in the next generation of corporate leaders is caused by a "perfect storm" of changes in demographics, corporate structure, and the needs of global business. Current C-suite executives, who are mostly Baby Boomers, are retiring or will be retiring in the next decade. The Gen Xers (median age 40) who will take their places are a much smaller group — 25 percent fewer people — thereby creating an inevitable talent shortage. And the Millennials (median age 25, oldest 33) following behind Gen X came of age during the Great Recession, so they have no illusions about job security and are ready to leave for other, better positions at a moment's notice.[6]

Add to this several changes in corporate structure. As organizations have become flatter, there are fewer steps in the corporate "ladder" and thus fewer opportunities for managers to receive the training, mentoring, and on-the-job experience that would help them develop leadership skills. At the same time, with the relentless focus on performance metrics from CEOs, boards of directors, and shareholders, tenure in C-suite jobs is getting shorter — and therefore the need for strong "on deck" leadership candidates has never been more pressing.

4   Claudio Fernández-Aráoz, Boris Groysberg, and Nitin Nohria, "How to Hang On to Your High Potentials," *Harvard Business Review, October 2011,* http://hbr.org/2011/10/how-to-hang-on-to-your-high-potentials/ar/1 (accessed August 16, 2014).

5   Pankaj Ghemawat, "Developing Global Leaders," *McKinsey Quarterly*, June 2012, http://www.mckinsey.com/insights/leading_in_the_21st_century/developing_global_leaders (accessed August 16, 2014).

6   Companies are worried about this growing retention problem. According to the American Management Association, in 2013 at least 33 percent of employers were concerned about employee turnover in an improving job market, and many admitted they weren't ready to deal with the challenge. See "AMA Enterprise: Ten Trends Are Shaping Corporate Training and Development," Chief Learning Officer, March 24, 2014, http://www.clomedia.com/articles/ama-enterprise-ten-trends-are-shaping-corporate-training-development (accessed August 16, 2014).

"[L]eaders are increasingly asked to do more, know more, and move faster and more nimbly than at any other time in history," writes Aubrey K. Wiete, author of a research report on executive development by the Human Capital Institute in partnership with Vistage International. "[However,] many organizations fail to understand what makes a good senior leader, and how strong executives can be cultivated, supported, and retained in the midst of such uncertainty and pressure. Organizations are forced to ask themselves if they have the resources and programs in place to develop these essential leaders…. [I]f not, it is an increasingly crucial priority."[7]

To cope with these changes, organizations are investing heavily in leadership development and training programs. In 2013, U.S. companies spent more than $70 billion domestically, and $130 billion globally on corporate training, and of that amount, a full 35 percent went toward leadership development at all levels.[8] However, those corporate leadership development dollars are not equally, or effectively, distributed. While new managers and new hires may be offered "Leadership 101" type training, as people rise through the ranks they find that meaningful, beneficial development becomes more and more scarce. The authors of *Danger in the Middle: Why Midlevel Managers Aren't Ready to Lead* point out that mid-level managers "lack the networking, planning, and team-building skills necessary to excel in the flat organizational structures that are so prevalent today.… [C]ompanies are not giving middle managers the development they need to succeed in their roles."[9]

This key group, which we call **"pre-suite" executives** (who reside between the executive suite and high-potential hires, and include vice presidents, department heads, and midlevel managers), needs special attention and development. Yet they receive little to no targeted, customized leadership training, even though they are the very people who will be needed to take over the critical C-suite jobs in their organizations. It's no wonder that 67 percent of managers and leaders surveyed by *Harvard Business Review* in 2012 said that their organizations' middle manager development programs should completely be revamped.[10]

Effective training of pre-suite executives is essential to close the leadership gap in any organization.
This white paper discusses the leadership skills that are critical for pre-suite executives, and how best to cultivate those skills individually and in teams. Using as a case study the "Leader Connect" program at Equifax, it makes recommendations for effective ways to prepare the next generation of executives to step quickly and confidently into the demanding leadership roles of 21st century business.

7   Aubrey K. Wiete, *Examining the ROI of Executive Development Methods, Practices, and Results* (White River Junction, VT: Human Capital Institute, 2012), 6.

8   Bersin by Deloitte, *The Corporate Learning Factbook 2014: Benchmarks, Trends, and Analysis of the U.S. Training Market* (Oakland, CA: Deloitte Development LLC, January 2014), 2.

9   Robert McKinney, Michele McMahon, and Peter Walsh, *Danger in the Middle: Why Midlevel Managers Aren't Ready to Lead* (Boston, MA: Harvard Business School Publishing, 2013), 2-3.

10   Ray Carvey, "Leadership Development Predictions for 2014: Ideas & Insights from Harvard Business Publishing Corporate Learning," Harvard Business Publishing Corporate Learning, January 14, 2014, http://www.harvardbusiness.org/blog/leadership-development-predictions-2014 (accessed August 16, 2014).

The Skills Required for 21st Century Leadership

Most managers move into pre-suite roles based not necessarily upon their ability to lead but rather upon their ability to do their job in a particular department. Great accountants become Heads of Finance. Talented marketers become vice presidents of Sales & Marketing. The person who headed up a company branch in the U.S. becomes Head of Operations for the entire corporation and now has to deal with teams around the world. However, specialized knowledge isn't enough to prepare pre-suite executives to fill expanded leadership roles. Ernst & Young's Global Talent Management Markets Leader Bill Leisy puts it bluntly: "The idea of simply having a very strong subject-matter expert in the senior ranks of the company just isn't a viable model anymore. Subject-matter expertise is a given. Companies need to … identify and nurture the 'softer' skills that have now become so critical to business leadership."[11]

There are six critical leadership skill sets that pre-suite executives need to develop to succeed in today's workplace.

1.   **Communication.** Pre-suite leaders must be experts at communicating with their direct reports as well as C-suite executives, certainly. But they also must be able to communicate effectively with (1) customers, (2) division heads, (3) subordinates, and — as many corporate functions are outsourced and companies come together in joint ventures — (4) colleagues from other companies or organizations. And with the globalization of business, they need to understand and communicate with individuals from different cultures and countries. Finally, with three different generations represented in the workplace, executives must be able to recognize the differences in Boomers, Gen Xers, and Millennials and adapt their communications accordingly.

"It would be foolish to assume … that senior executives promoted to the C-suite arrive there fully developed or that their capabilities and experience will always be a match for whatever challenges they face as their company competes in a dynamic environment."

Nancy Atwood and Terry Bacon
The Korn/Ferry Institute

Equally important is the ability to communicate with other executives across functions and departments. Project teams are a fact of life in business today, and most pre-suite leaders will find themselves working closely with others who may have different skills, backgrounds, and priorities, and therefore the ability to present their ideas and opinions to others is crucial. So is the crucial "flip" side of communication: active listening. Pre-suite leaders must develop the skill to be attentive, receive others' viewpoints, restate pertinent points, ask for clarification if needed, and come to a consensus as to what was said and received by each party. Great communication is the foundation of many of the other skills pre-suite leaders need.

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11   Brooke and Matthews, *Paradigm Shift, 10.*

2. **Relationship-building.** In a report by the Center for Creative Leadership on data drawn from more than 438,000 individuals in 7,500 organizations, 67 percent of respondents rated "building and mending relationships" as an important leadership competency for success.[12] Indeed, a study by Cornell University into corporate and organizational work groups showed that the more team members knew and trusted each other, the greater the chance of innovation in the team.[13] The ability to build strong relationships with peers, supervisors, employees, and others is key to the effectiveness of any leader.

3. **Teamwork and cooperation.** "The heart of a highly effective team is the ability to work together," said Phil Kambic, President and CEO of Riverside Healthcare.[14] A 2013 IBM study of more than 4,000 C-suite executives worldwide found that 92 percent of CEOs of "outperforming" organizations (those that surpass their industry peers in revenue growth and profitability) report that they and their fellow CxOs "work effectively together in a collegial manner."[15] A "culture of cooperation" in an executive team can produce many benefits, including greater innovation, more effective, collective problem solving, and ultimately, greater growth.[16]

4. **Courage and candor.** Today's flatter, more open organizations bring together diverse groups with a multitude of differing opinions, voices, and requirements. Leaders need to have the courage to express opinions honestly, hear others' opinions calmly, and enter into vigorous discussion while maintaining an open mind. "A healthy organizational environment is one where people are free to disagree with anyone, including executives, and where the truth can't hide," according to business professor Jerry Wellman.[17] Pre-suite executives must cultivate a "culture of candor" amongst themselves so they can speak honestly to their C-suite directors and encourage their own direct reports to be equally honest with them.

5. **Strategic thinking.** In a seminal study for the Korn/Ferry Institute, Nancy Atwood and Terry Bacon write, "[A] number of executives who reach the C-suite … are promoted … because they have mastered operational management and are good problem solvers on the tactical level, but are not good at taking the long view and devising effective long-range strategies or making strategic decisions…."[18] Pre-suite leaders need to learn to think strategically about the entire organization and not just about their own particular area of expertise. This involves cultivating traits like creativity, curiosity, adaptability and flexibility, the ability to deal with uncertainty, and to make decisions in the face of unpredictable outcomes.

6. **The ability to empower others and create alignment.** Ultimately, leadership is less about the actions leaders take than whether they are able to persuade and empower others to take those same actions. Indeed, according to research conducted at Harvard, the desire to have a positive impact on others for the good of the organization is a significant predictor of senior executive potential.[19] Pre-suite leaders must be "adept at finding common ground and achieving buy-in among stakeholders who have disparate views and agendas," wrote Paul J.H. Schoemaker, Steve Krupp, and Samantha Howland in the *Harvard Business Review*. "Success depends on proactive communication, trust building, and frequent engagement" with stakeholders above and below their current level.[20]

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12   Center for Creative Leadership, "Too Much of a Good Thing: Beware of Your Strengths. A Leadership Gap: When Strengths Don't Meet the Need," *Leading Effectively* e-Newsletter, December 2005, http://www.ccl.org/leadership/enewsletter/2005/DECgap.aspx?pageId=1437 (accessed August 16, 2014).

13   Center for Advanced Human Resource Studies, *Building Strong Social Connections Increases Innovation Capability. CAHRS Research Link No. 7.* (Ithaca, NY: Cornell University, ILR School, 2012), 2.

14   Human Capital Institute, *Driving Performance and Business Results with Collaborative Executive Development* (White River Junction, VT: The Human Capital Institute, 2011), 7.

15   IBM Institute for Business Values, *The Customer-activated Enterprise: Insights from the Global C-Suite Study* (Somers, NY: IBM Corporation, 2013), 24.

16   Ibid.

17   "Leading Effectively in a Matrix Environment," ProjectPro®, http://www.projectpro.co.za/e-Zine/Matrix_Environment/matrix_environment.html (accessed August 5, 2014).

18   Nancy Atwood and Terry Bacon, *Developing your C-Suite* (The Korn/Ferry Institute, May 2004, revised 2011), 10.

19   Fernández-Aráoz et al., "How to Hang On to Your High Potentials," 5.

20   Paul J.H. Schoemaker, Steve Krupp, and Samantha Howland, "Strategic Leadership: The Essential Skills," *Harvard Business Review*, January-February 2013, 4.

Pre-suite leaders must also become skilled at creating alignment between the actions of their subordinates and the vision of the company. As Henry Hardin, CEO of SCI Companies and PlatformOne points out, misalignment of even a single member of an executive team can undermine the momentum of an entire organization.[21] Because pre-suite leaders are instrumental in implementing the corporate vision, it's vital that they gain the skills to develop strategies in alignment with it, and to empower their teams to buy into and implement the vision at every level of the organization.

According to Ulrich Nettesheim, professor at the Haas School of Business, University of California Berkeley, pre-suite leadership is based upon three general principles: to inspire and engage, execute and operationalize strategies, and extend the executive leadership reach of the company from the C-suite to the rest of the organization.[22] The six skill sets above will help pre-suite executives build strong, engaged, effective teams amongst themselves and with others in their organizations.

But what is the best way to develop these skills? Fortunately, several recent training and development studies have revealed the key components of an effective pre-suite leadership program.

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21   Aubrey K. Wiete, *Examining the ROI of Executive Development, 17.*
22   Human Capital Institute, *Driving Performance and Business Results with Collaborative Executive Development, 11.*

Three Key Questions About Pre-Suite Leadership Programs

Even though 35 percent of training funds are spent on leadership development, it can be difficult to choose and implement the programs that will be most effective for a particular organization or group of employees. Deciding upon a program should start with three key questions.

First, *who is the audience for the training?* Where are they located? Are they all in one facility or location, or spread across a worldwide organization? What kinds of training are best suited to the working lives of pre-suite leaders? One common challenge among busy executives is the incessant and competing demands upon their time and energy, which can push leadership development to the bottom of their list of priorities. To increase participation, (1) C-suite leadership must make clear that it fully supports participation in ongoing development for the company's managers and executives, (2) programs must be offered in ways that make it easy for pre-suite leaders to attend, and (3) the benefits of going through the program must be clear and attractive to the target audience.

Second, *what are the objectives and deliverables?* Is the goal to provide knowledge, skills, or mind-set, or a combination of all three? Most effective pre-suite programs help executives acquire greater knowledge of aspects of leadership. And good programs also deliver training in what the American Management Association calls "core skills… communications, critical thinking, collaboration and creativity."[23] But programs also need to shift the *mind-sets* of participants to develop new perspectives — on themselves, the organization, their staff, and leadership itself. "Leadership development should bring together a balance of 'knowing' (the acquisition of information), 'doing' (the application and practice of new skills), and 'being' (the values, identity, and purpose that animate leaders)," write the authors of *Develop Your Leaders, Transform Your Organization*. "Addressing this identity shift in leadership development efforts is critical not only for leaders to successfully make key career transitions, but also for incumbent leaders to live into their roles more fully."[24]

> "The era of managing siloed functions and conducting isolated, disparate activities is fading and being replaced with more collaborative and team-based planning and development that can be explicitly tied to business strategy. Developing leaders … in this new environment requires new activities and innovative approaches to learning."
>
> **The Human Capital Institute**
> *Driving Performance and Business Results with Collaborative Executive Development*

While the first question focuses on audience and the second on content and outcomes, the third question involves process. After all, today trainings can be provided via technology, seminar, group retreats, or classroom sessions; led by outside experts or in-house trainers (or even other executives); offered in five-minute bursts delivered through a mobile app, or done in weeklong "retreats" for executive teams. So the question becomes, *what elements will best deliver the desired outcomes?*

23   "AMA Enterprise: Ten Trends Are Shaping Corporate Training and Development."
24   Sherry Heffner, Sean Kennedy, Josh Brand, and Peter Walsh, *Develop Your Leaders, Transform Your Organization* (Boston, MA: Harvard Business School Publishing, 2011), 2, 3.

Can you train collaboration, candor, and strategic thinking via mobile app? How can you avoid the "10 percent and under" information retention rate of most classroom-based trainings? What kinds of program will be best for developing the critical skills and mindsets needed by upper level managers and pre-suite executives?

Vistage Inside's Manager of Senior Executive Programs John Ruzicka describes corporate training and development programs as being similar to the levels of training people receive at universities: "When you're an undergraduate, you go to class and learn the basic ideas and skills of your particular subject, and at the end you're tested on your grasp of the material and ability to use what you've learned. That kind of training, which is analogous to skills training many new employees receive, can be delivered in large groups or online.

"When you go to graduate school—to get your MBA, for example—the classes are smaller, and it's more small-group learning based upon case studies. You're asked to think for yourself and to get feedback from your professors and other students. A lot of leadership training for new managers falls into this category. Yes, you learn concepts and ideas, but you're expected to apply those concepts to real-world situations, often with feedback from peers and the supervision of higher-level executives who have completed the same program. Students gain information that will help them with specific issues, but usually the program is not customized to the challenges individual learners face within their own organizations.

"Training offered at the pre-suite and C-suite level, however, is more like studying for a Ph.D. It's specific, focused, and completely customized to the outcomes and needs of the student. There's a lot of individualized research that produces its own case studies rather than reviewing previous ones, and it requires skilled facilitation by mentors/ experts in the field. It's about applying what you know to your particular situation and seeing the results. Working with peers is often a requirement of the degree and also one of the most valuable aspects of the program. They are at your same level, perhaps even pursuing similar outcomes, but they also provide valuable perspective and different ideas. Equally important, the peer relationships created often form the basis of ongoing collaboration that can last throughout a professional lifetime. You learn as much from the process and from others as you do from the content presented by outsiders."[25]

This final level of leadership development is what pre-suite leaders require. Like Ph.D. candidates, they have put in the time to reach high levels in their organizations. They have mastered the fundamentals of their positions and have learned some leadership and management skills (either formally or informally) along the way. To succeed in their current positions and, more important, to step into top leadership roles in the future, they need structured development programs that deliver a rich mixture of knowledge, skills, mindset, individualized training. These skills should be combined with peer-to-peer dialogue, facilitated by experts and put within the context of real-world issues and day-to-day activities.

One such program was delivered in 2013-14 by Vistage Inside at Equifax, a global leader in information solutions for more than a century. It illustrates the five most important elements of successful pre-suite leadership program design and delivery.

25   John Ruzicka, interview with author, July 25, 2014.

Case Study

Equifax's "Leader Connect" Program

Equifax uses its vast resources of consumer and commercial data, along with advanced analytics and proprietary technology, to create customized insights for both businesses and consumers. Headquartered in Atlanta, Georgia, the company employs approximately 7,000 people in 18 countries through North America, Latin America, Europe and Asia. Like many large organizations, Equifax has been transforming its business model over recent years, and in the process it also has transformed its corporate structure. Instead of the old, siloed approach that kept functions and regions separated, it is now a matrix organization, with fewer levels, a more horizontal structure, and cross-functional/cross-regional reporting responsibilities.[26]

As Equifax's Vice President of Global Talent Management, Tim Knezevich oversees global talent acquisition, organizational development and leadership development practices as well as sales and product training and practices. A few years ago he noticed a gap in the training offered to the approximately 146 executives who reported to C-suite leaders and who could conceivably occupy the C-Suite in a year or two. "We wanted a pragmatic program where leaders didn't feel like they were leaving their day jobs to come and get their heads filled with a bunch of theory that they're never going to apply," Knezevich commented. "Instead, we wanted a program where they could feel like they were working their business challenges at the same time that they were developing leadership muscle."

Knezevich, along with seventeen of his peers, had participated in the Vistage Inside program in 2012-2013, and he became the program champion when Equifax decided to incorporate Vistage into their "Leader Connect" program on an annual basis. The stated objective of the program (question #2 above) was to build relationships, increase trust, improve communication, and maintain an innovative company culture at all levels.

In collaboration with Equifax, Vistage Inside designed a customized yearlong program with four specific elements, or prongs (question #3).

1. **Monthly facilitated meetings of a group of pre-suite executives drawn from different business units, centers of excellence, and areas of responsibility.** The group was designed from the start to be cross-functional, bringing together leaders who are occupying similar positions with similar levels of responsibility but who might have had little interaction in the normal course of business. The goal was to give participants a better understanding of how Equifax works and how to get things done within a matrix organization while creating stronger relationships among executives throughout the company.

The program occupied one full day every other month, to avoid taking up too much time in the executives' schedules. However, while at these meeting executives were encouraged to focus strictly on the meeting and to avoid checking email or other distractions except during breaks.

The Equifax group focus started out with the theme of "innovation and execution" — which, according to Tim Knezevich, was what Equifax needed to do to transform the business into a data, analytics and insights company. Over the course of the monthly sessions, as the group began to discuss business issues they were encountering in their areas (or as issues arose in the one-on-one sessions), agendas and content were shifted to further customize the program based upon the group's needs.

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26   For more information on matrix organizations, see "Leading Effectively in a Matrix Environment," ProjectPro®, http://www.projectpro.co.za/e-Zine/Matrix_Environment/matrix_environment.html (accessed August 5, 2014).

Part of each monthly meeting consisted of peer-to-peer dialogues, not only about business issues but also about leadership styles and the impact of each member upon the group. Because this discussion was actively facilitated (see below), it created an atmosphere of direct, candid, peer-to-peer discussion and feedback.

2.   A trained executive facilitator. Vistage supplied a trained facilitator who was responsible for leading the meetings every other month. The facilitator often drew out business challenges and issues faced by individuals or the group as a whole, and guided discussion with language designed to promote clear communication and lively dialogue.

In between meetings, the facilitator met with each member individually, serving as an executive coach (see below). If during these sessions the facilitator noticed common threads among the comments/issues, he would bring this to the group meeting and encourage conversations around the issue so it could be dealt with and/or resolved. Knezevich commented, "If there's an elephant in the room and it's not being addressed, the facilitator's job is to tactfully draw that elephant out and getting the group to talk about it. And if he thinks the group is trying to snow him, he calls them out on it."

The facilitator also led discussions about applying the content presented by outside experts (see below).
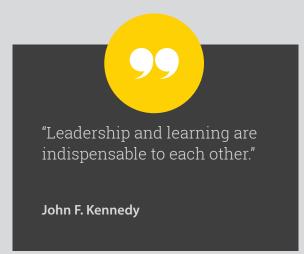
3.   Expert speakers who delivered content on topics that were specifically targeted to challenges and issues the group faced. Each bi-monthly meeting included an external thought leader delivering three-hour workshops on topics of value to the group. However, it was in the afternoon following the presentations that the real value of the content became apparent, as group members discussed how to apply what they heard from the speaker to the real challenges they were facing at Equifax. If issues arose in the previous group sessions, new speakers were added to address those specific topics. "This is not a program where you get a bunch of theory and you walk away and you can't apply it," one member remarked. "You're using it to solve today's problems in today's leadership sessions."

4. Individual executive coaching sessions with the facilitator. Bi-monthly one-on-one coaching sessions allowed Equifax to further tailor the program to each executive's needs. The facilitator was able to observe participants within the context of the group and then offer insight into their individual leadership styles. It also allowed participants to discuss what they had learned in group meetings and apply it to their own specific business situation. More important, executives could have more in-depth development conversations with someone who knew their strengths and weaknesses and could help them continue to evolve their leadership style and skills. Most participants found the rotation between group sessions and one-on-one expert coaching extremely powerful.

There also was a strong element of individual accountability that arose from these one-to-one coaching sessions. If during the group meeting an executive committed to take a particular action (which was the norm following any issue-processing session), the facilitator would follow up in the executive's one-on-one coaching the next month. He would measure progress, provide encouragement, and offer perspectives and options the executive may not have considered.

> "Leadership and learning are indispensable to each other."
>
> **John F. Kennedy**

According to Tim Knezevich, the results of this four-prong "Leader Connect" program were as follows:

- Stronger relationships and greater collaboration among pre-suite executives across the entire organization.

- A better understanding of how Equifax works and how to get things done within a matrix organization.

- A greater grasp of the issues encountered by the entire group, and a focus on working together on shared challenges. "As they bring forward business challenges and opportunities that they are trying to solve and they get the input from fifteen or sixteen of their peers, they land on new questions, new lines of thinking, new ways to solve a problem that they would have never gotten to by themselves," comments Knezevich.

- More willingness to forge relationships and partnerships outside of each member's own area, and feeling empowered to seek expertise from others. "Even though we may have an HR problem that we're trying to solve, there might be a finance person who has some great insights," a participant remarked. Group members were more willing to involve other departments earlier in the process of developing and implementing strategic business initiatives.

- A greater sense of group empowerment. "They found they have a lot more leadership that they can leverage together to solve Equifax's problems," Knezevich said, "but also to have a stronger voice providing feedback to the CEO and to other members of the C-Suite about what is it that we need to do differently, and here's how we can help you evolve the culture to what Equifax needs to be."

- Developing tangible skills to deal with conflict. "We're now having more conversations on a more regular basis about harder topics and getting to solutions faster," commented one participant.

- Greater insight into each individual's leadership style and how participants could develop themselves further in order to influence and lead outside of their current functions.

In terms of tangible benefits to Equifax, Knezevich points to surveys of members as well as specific results. "Equifax continues to outperform not only our competitors but also the stock market and other industries that we compare ourselves to, and we have very strong anecdotal evidence that we're delivering dollars back to the organization by improving the effectiveness of the leadership and how we manage our company. At the very least these leaders have made connections that they can leverage to get things done more quickly. Inside the group we've seen promotions, and expansions of roles. We've seen our leaders move from one country to another as general managers or as other business unit leaders taking on bigger and bigger assignments.

"There's no doubt that every member of the Leader Connect group has walked away feeling transformed," he concluded. "This was an opportunity to step away from the busy, day-to-day chaos and have a chance to reflect on how our business is running, where there are opportunities within their business to continue to strengthen what's already strong and improve what's not. But it was also an opportunity within themselves: to think differently, act differently, operate differently, and to engage different people. All that together resulted in leaders who felt different at the end of the process than when they came in — and now many of the rest of our pre-suite leaders are begging to get into the next class."

Choosing an Effective Pre-Suite Leadership Program

Pre-suite leadership development programs can contain any of a number of approaches and systems for creating stronger leaders. Organizations like Vistage International, Harvard Business Publishing, Center for Creative Leadership, Blanchard, Duke, Cornell, American Management Association, and so on, have created programs around their own unique leadership content. And it's possible to retool a company's current leadership development methods to work more effectively for its pre-suite leaders. For training to be truly effective for mid- and upper-level managers and executives, however, it needs to possess five key characteristics. It must be *customized, cohesive, continuous, collaborative, and challenging.*

1. Customized

"Too many training initiatives … rest on the assumption that one size fits all and that the same group of skills or style of leadership is appropriate regardless of strategy, organizational culture, or CEO mandate," write the authors of "Why Leadership Development Programs Fail."[27] Training that is not based upon the specific strategic challenges an organization faces will have limited impact, especially on the people who are on deck to be the next generation of corporate governance. Pre-suite leaders need training that is *customized to the organization's unique circumstances and shaped by the company's current and future needs.*

Of course, most leadership development companies will say their programs can be customized but, as Tim Knezevich comments, such offerings tend to be customized only "around the edges." Those responsible for choosing these programs must be "willing to push for innovation and new solutions that are not simply copies of what other companies are doing — which are actually unique, company-specific programs that leverage the business's unique culture, business strategy, workforce demographics, and people strategy."[28]

Training organizations also have a responsibility to help companies seeing leadership development to be absolutely clear on the desired outcomes. Because leadership development results are more difficult to quantify as direct gains to a corporate bottom line, it's even more essential that RFPs should be the beginning of a dialogue between the client and training provider, to ensure clarity on the exact elements of leadership development being sought.

At the pre-suite executive level, leadership programs should be *shaped for and by the participants themselves.* In order to commit their time and focus, busy pre-suite executives need to believe that tangible personal and professional benefits will ensure from the training provided. Involving participants in program direction, content, and even delivery will help increase buy-in and potentially shape the program to be more effective.

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27   Pierre Gurdjian, Thomas Halbeisen, and Kevin Lane, "Why Leadership-Development Programs Fail: Sidestepping Four Common Mistakes Can Help Companies Develop Stronger and More Capable Leaders, Save Time and Money, and Boost Morale," *McKinsey Quarterly, January 2014,* http://www.mckinsey.com/insights/leading_in_the_21st_century/why_leadership-development_programs_fail (accessed August 16, 2014).

28   Ibid.

Most important, program content must *apply directly to what participants encounter in their day-to-day responsibilities.* "The living laboratory of their daily work is one of the most robust learning environments executives have," writes Atwood and Bacon in *Developing Your C-Suite.*[29] The contents and delivery should be flexible enough to change as the needs of the group change, or as issues encountered by participants individually or collectively need to be addressed. If outside experts are brought in to deliver content, they should be prepared to demonstrate how their material applies to the business issues that group members are actually facing.

At the pre-suite level of leadership, developing relationships between participants can have benefits equal to the growth of individual members. Assuming that many pre-suite executives may find themselves serving together in C-suite positions, developing strong relationships between participants (as demonstrated in Equifax's "Leader Connect" program) for a future executive team may be an important outcome to include in the customized training outcomes.

2. Cohesive

The term "cohesive" is being used in several contexts. First, it refers to the leadership program itself. Corporate retreats, "development days," or other isolated and infrequent activities are not enough to provide the kind of comprehensive growth pre-suite executives require. To be cohesive, effective leadership development must encompass training, group interaction, coaching and mentoring, and practical implementation delivered over months or years. Such programs use "experiential learning techniques, interactivity, and more frequent participation by leaders, … cooperative and peer-based activities, discussion, group problem-solving, and knowledge transfer among executive leaders" to "provide executives the opportunity to better and more thoroughly develop the skills they need to lead effectively."[30]

It's vital that a cohesive program maintains *a unified approach to both content and content delivery.* For example, many upper-level executives today employ their own personal business coaches to help them develop their skills and serve as advisors for any challenges facing them on the job. However, such coaches may not be aware of the full scope of corporate circumstances and end up giving advice that is contrary to what is actually needed for the client and the company. A leadership program that contains a coaching element ensures a more coherent and cohesive approach.

One of the goals of a leadership development program should be to *create greater cohesion among the group* being trained. Peer-to-peer interaction, feedback, and coaching are vital to the success of any executive team, and developing cohesion at the pre-suite level is critical. "Few senior executives are truly prepared for the changes that occur as they advance to the most senior executive level, where many feel lonely and disconnected from the organization," write Atwood and Bacon.[31] Developing a cohesive group of supportive peers *before* entering the C-suite will stand newly-minted senior executives in good stead.

A cohesive team develops trust and the ability to act as a group, attributes that can be of great benefit to pre-suite leaders. They can present a united front when taking projects and ideas to senior management, making it more likely that their recommendations will be considered. As a group they also have a greater ability to influence the organization as a whole. When pre-suite executives share common language, tools, perspective, and experiences, they bring a consistent approach to their interactions within their own departments. Tim Knezevich described this effect at Equifax: "We have leaders taking the issue processing tool from the program and applying that same logic and methodology to solving issues in their staff meetings or in large group sessions to work on other business challenges on a regular basis."

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29   Atwood and Bacon, *Developing your C-Suite,* 15.
30   Aubrey K. Wiete, *Examining the ROI of Executive Development Methods, Practices, and Results,* 2.
31   Atwood and Bacon, *Developing your C-Suite,* 18.

Alignment at the executive level is critical to the healthy functioning of an organization. Having the chance to develop strong relationships prior to promotion, understand colleagues' strengths and weaknesses, spend time in vigorous discussion and healthy disagreement and still remain colleagues, and to practice creating innovative solutions together for day-to-day business challenges — all before taking on C-suite responsibilities — will ease the path to greater cohesion, teamwork, and alignment at the top.

Customized training stands a much better chance of ensuring that leadership development is in alignment with the organizational business strategy and based on the day-to-day requirements of the participants. But such programs also need to be *supported at all levels of the organization*. In other words, both the group's C-suite supervisors and direct reports must buy into the results and methods of the leadership training.

C-suite support is important for two reasons. First, it's all too easy for senior executives to sabotage even the best training programs if they are not brought on board early, or if they see changes to the corporate culture as a threat rather than a benefit. At the very least it's essential for program champions to elicit a "wait and see" approach from skeptical senior executives; and if it's possible to enroll their support of the objectives and deliverables of the program in advance, all the better.

Second, C-suite executives can provide enormous value to pre-suite participants by serving as mentors, advisors, and supporters. When a senior executive demonstrates his or her support of the pre-suite group as a whole — by attending one or two training sessions, as the CEO of Equifax did with "Leader Connect," for example, or sharing his or her experience with a challenge the company is experiencing — it demonstrates alignment and cohesion that extends to the highest levels of the company.

3. Continuous

In training circles, "sunburn effect" occurs when people leave a seminar or training excited about what they've learned and ready to put it into practice immediately. However, within a few days or weeks the "sunburn" has worn off and it's back to business as usual. As Ulrich Nettesheim observes, "Between the great leadership course or the great workshop, too much seems to get lost in translation."[32] Effective leadership training doesn't happen in a day, or a weekend, or a weeklong course, and behaviors and mind-sets are not established with only occasional implementation.[33] Josh Bersin recommends that leadership development should be thought of as a "multiyear, continuous program that brings content, programs, and management practices together."[34]

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32   Human Capital Institute, *Driving Performance and Business Results with Collaborative Executive Development*, 23.

33   Indeed, some researchers estimate it can take anywhere from three to five years to prepare someone for a leadership role. See D. Cingoranelli, "A 2009 Tuneup for Your Firms' Succession Planning," *Journal of Accountancy* 1 (March 2009), 42–46.

34   Bersin, *Predictions for 2014*, 18.

A leadership development program that is continuous —an ongoing process that integrates multiple modalities and activities — is far more effective. Why? First, it's integrated into the working world of participants and thus can be grounded in real life. Executives can apply the lessons in their jobs, and then bring back their experience to the training for further comment and feedback from the group. Second, continuous training allows for ongoing exchanges of ideas, feedback, and solutions among group members that promote greater learning and retention. One of the key principles of learning is the *70-20-10 model*, which states that 70 percent of learning occurs through practice and on-the-job experience, 20 percent through coaching and feedback from others, and only 10 percent through classroom education or online learning.[35] That means *over 90 percent of learning comes from interactions that occur in a continuous manner*.

What's more, learning does not occur in a straight line from incompetence to mastery. It's a process that requires multiple applications of knowledge, practice, setbacks, successes, and work — often supported by encouragement from peers and coaching from experts. "The ability to learn from others in a systematic way greatly increases an individual's chances for success," write the authors of *Develop Your Leaders, Transform Your Organization*.[36]

Third, anyone who has mastered a topic will say that one of the most significant parts of the process is spending time reflecting upon one's efforts and synthesizing what has been learned. In the same way that an athlete's muscles must recover before he or she attempts another workout, it's vital to build in periods between leadership training to integrate lessons and to share what's been learned with others.

Leadership development can best be described as a journey rather than a destination, because development should continue throughout an executive's career. The most effective programs continually intersect with participants' lives, offering a combination of formal training, peer-to-peer interaction, and expert coaching, with time to apply lessons and then integrate learnings through discussion and reflection.

4. Collaborative

In a 2011 article on leadership in *Harvard Business Review*, Herminia Ibarra and Morten T. Hansen defined collaborative leadership as "the capacity to engage people and groups outside one's formal control and inspire them to work toward common goals — despite differences in convictions, cultural values, and operating norms."[37] Collaboration is a key leadership skill in a world where executives must reach beyond cultural, generational, social, economic, and attitudinal differences and forge strong alliances among teams of individuals with multiple goals, desires, and approaches. "Where once an enterprise could go it alone, and be successful doing so, it must now collaborate," observe the authors of IBM's 2013 survey of global C-suite executives.[38]

The benefits of collaboration are wide-ranging and significant. Collaboration is the foundation of every successful team. It builds trust and cooperation and fosters "an inclusive environment that energizes teams, releases creativity and makes working together both productive and joyful."[39] It gives greater access to new resources inside and outside the organization. It brings in outside ideas, contradictory views, and independent perspectives, and promotes the creation of diverse teams that have been shown to produce better results.[40] Successful collaboration allows executives to reach up and down the organization, to benefit from experience and expertise that that might otherwise be unknown and inaccessible. "A large body of research supports the positive influence that collaboration can have on business productivity and an organization's market performance," writes Aubrey Wiete. "In addition to actively making work more cooperative instead of competitive, collaboration is tied to increasing levels of trust across an organization and between leaders and employees."[41]

35   Ibid., 21.
36   Heffner et al., *Develop Your Leaders, Transform Your Organization*, 4.
37   Herminia Ibarra and Morten T. Hansen, "Are You a Collaborative Leader?" *Harvard Business Review*, July 2011, http://hbr.org/2011/07/are-you-a-collaborative-leader/ar/1 (accessed August 16, 2014).
38   IBM Institute for Business Values, *The Customer-activated Enterprise*, ii.
39   Carol Kinsey Gorman, "8 Tips For Collaborative Leadership," Forbes Leadership blog, February 13, 2104, http://www.forbes.com/sites/carolkinseygoman/2014/02/13/8-tips-for-collaborative-leadership/ (accessed August 16, 2014).
40   Ibarra and Hansen, "Are You a Collaborative Leader?"
41   A. Atkins and Aubrey K. Wiete, "Building Trust in Business 2012: How Top Companies Leverage Trust, Leadership, and Collaboration," Human Capital Institute 1 (June 2012), 1–34. Cited in Aubrey K. Wiete,

Strong executive teams are built upon a foundation of collaboration and cooperation — first with each other, and then with other teams within the company. Unfortunately, it's far too easy to find companies where a "silo mentality" still holds sway, with the attendant distrust, power struggles, and lack of cooperation and alignment that stifles innovation and greater productivity. As leadership expert Carol Kinsey Gorman points out, collaboration requires "a change in attitude and behavior of people throughout an organization."[42] That is why any effective leadership development must not only teach collaboration but also instill it in participants through the program's design and implementation.

Collaboration can be incorporated into a leadership program in several ways:

- Ask participants to come up with ways to overcome cross-departmental challenges, or to champion company-wide initiatives.

- Pair up participants from different regions or divisions to work on a task force together.

- Task executives from different departments to collaborate to resolve competing priorities.

- Have each participant encountering challenges bring them to the group and ask others who have gone through something similar to help come up with solutions.

- Ask the team as a whole to collaborate on presenting an initiative to senior management.

Once participants have built their "collaboration muscles" with their peers, programs should encourage them to expand their efforts to build collaboration with their direct reports, suppliers, contractors, peers in other organizations and industries, and customers. This is some of the most valuable training pre-suite executives can receive as they look to move up, since C-suite executives need to build coalitions and collaborate with boards of directors, financial institutions, regulators, community groups, and so on. Even more important, the C-suite must come together to provide coherent and aligned leadership for the entire organization. If pre-suite leaders learn to collaborate with each other during training, they will find it much easier to be effective collaborators as senior executives.

5. Challenging

While leaders must collaborate and build consensus with people who have very different perspectives and agendas, they also must be able and willing to challenge others' perspectives — and more important, their own. For those at the pre-suite and senior executive levels, this can be difficult. As leaders climb the corporate ladder they can become insulated from the issues faced by first-level employees and even customers, and this "confirmation bias" can create blind spots that limit their effectiveness.[43] Therefore, a leadership development program should not *only be challenging* — presenting content and skills that stretch the capacities of participants — but it should train leaders continually *to challenge themselves and others* — to question assumptions, ideas, beliefs, solutions, and advice.

Challenge can be inserted into a program in several ways. Include content containing opposing ideas and systems, and have participants debate which ideas are best suited for their situation. Challenge participants to develop multiple solutions for issues their business is facing and then argue either for their own ideas or (more difficult) the opposite viewpoint. Challenging assumptions produces greater creativity, critical thinking, fresh solutions to problems, and the ability to cope with the kind of unknown and unanticipated challenges businesses constantly face.

Examining the ROI of Executive Development Methods, Practices, and Results, 17-18.

42   C.K. Gorman, "8 Tips For Collaborative Leadership."

43   M.E. Frisina and R.W. Frisina, "Correcting Your Leadership 'Zero': Aligning Your Behavior With Your Mission, Vision, And Values," *Employment Relations Today* 1 (2011): 27–33.

The ability to consider different perspectives is a hallmark of the kind of strategic thinking demanded of pre-suite and C-suite leaders. "Strategic thinkers question the status quo. They challenge their own and others' assumptions and encourage divergent points of view. Only after careful reflection and examination of a problem through many lenses do they take decisive action. This requires patience, courage, and an open mind," write Schoemaker, Krupp, and Howland in the *Harvard Business Review*.[44] Being comfortable with challenge also leads to an executive team that is more open to bringing in a wider range of "stakeholders" who may reveal problems the executives have not noticed and propose solutions the C-suite would never have considered otherwise. When executives bring a wider diversity of people into the brainstorming and decision-making process, the potential for conflict is higher, but so is the chance for new ideas, new perspectives, and new possibilities. After all, as Bart Becht, CEO of Reckitt Benckiser, says, "Conflict is good per se, as long as it's constructive and gets us to the best idea."[45]

Participants also should experience the challenge of being the final arbiter of a difficult decision. Group members can take turns running discussion sessions and being held responsible for eliciting ideas, moderating conflict, and then making the final choice of solution. As Cyrus the Great once said, leadership requires "diversity in counsel, unity in command," And pre-suite executives need to know "when to wield influence rather than authority to move things forward," but also "when to halt unproductive discussions, squash politicking, and make final calls."[46] This not only helps keep hidden agendas and corporate "politics" to a minimum, but also creates the space for better teamwork. "True teamwork comes at the price of serenity— at least at first—because getting there often requires work through conflict, … [a] vigorous exchange of ideas among intelligent, assertive people about the purpose of the team and how it will operate followed by decision-making that resolves the debates," commented a participant in a nontraditional leadership development program in 2011.[47]

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44   Schoemaker, Krupp, and Howland, "Strategic Leadership: The Essential Skills" 4.

45   Quoted in Ibarra and Hansen, "Are You a Collaborative Leader?"

46   Ibid.

47   Wiete, *Examining the ROI of Executive Development Methods, Practices, and Results*, 20-21.

Program facilitators also can play a significant part in challenging the participants — by playing devil's advocate, for example, or discovering flaws or unintended consequences of solutions. As the program proceeds, facilitators should be able to see and point out instances of participants' blind spots and confirmation biases in action. A trained facilitator can bring an expert and objective perspective to the various approaches recommended by program members as well as the ways in which participants respond to disagreements and opposing points of view. And when one-on-one coaching sessions are part of the leadership development program, the coach can be even more direct in delivering challenging feedback to each participant individually.

> "It is impossible to have an enterprise which is growing and evolving if leadership is not."
>
> **Matt Myatt,**
> **Forbes contributor and**
> **leadership expert**

The healthy function of any leadership team must be based upon a "culture of candor," where members can safely challenge each other, provide direct feedback, require accountability, hear diverse opinions, and disagree without personal rancor. This requires the development of strong personal relationships between team members based upon mutual respect and trust — which is built *continuously with ongoing communication, candor, cohesion, and collaboration*.

Conclusion

It is far easier (and more cost-effective) to train a company's own pre-suite executives — the vice presidents, department heads, and midlevel managers — than to be forced to fill leadership gaps from the outside. "Top companies are never laissez faire about leadership development," writes Norm Smallwood for the HBR Blog Network. "They see the infusion and growth of talent as crucial to strategic success and they are unrelenting in their approach to building talent."[48]

The right kind of leadership training will provide this key group with the diverse and wide-ranging skills, knowledge, and mind-set that will be required by the coming decades. "In recent years, the business environment has become far more complex. In turn, the speed at which executives need to make decisions is increasing, as well as the number of decisions that must be made concurrently," writes David Nosal. "The new generation of leaders need to operate across a much broader spectrum of functional areas, and must possess far more sophisticated leadership capabilities to be successful than ever before."[49]

Successful leadership development blends experiential, on-the-job learning with facilitated sessions, executive coaching, extensive peer-to-peer interaction, and lots of feedback. It addresses real issues, real problems, and real interactions drawn directly from the unique culture, team, and strategy of the business. This leadership training must provide visible, measurable value not just for the corporation but also for participants. "For high level executives with busy schedules and many pressures to perform, none can afford to attend training that is 'nice to have,' " comments Scott Saslow of The Institute of Executive Development.[50] It must be (1) customized, (2) timely, (3) helpful, (4) targeted to their real-life challenges, (5) provided in such a way that it is easy to participate, and (6) deliver value both personally and professionally. It should train not just skills but the mindset necessary to successfully communicate, collaborate, align, challenge, and form strong relationships with others. If it does so, the company's current C-suite occupants will see the benefits such training brings to the next generation of leaders and will know the future of their organization will be in excellent hands.

48   Norm Smallwood, "Leadership Development Secrets of Top Companies," HBR Blog Network, 18 February 2010, http://blogs.hbr.org/2010/02/leadership-development-secrets/ (accessed August 16, 2014).

49   David Nosal, "The Case for a Holistic Approach to Executive Leadership Challenges," 2007, nosalpartners.com. Quoted in Human Capital Institute, *Driving Performance and Business Results with Collaborative Executive Development*, 6.

50   Scott D. Saslow, "Measuring Impact and ROI in Executive Development Programs," The Institute of Executive Development, February 2006, http://www.mannaz.com/en/insights/measuring-impact-and-roi-in-executive-development-programs/ (accessed August 16, 2014).

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